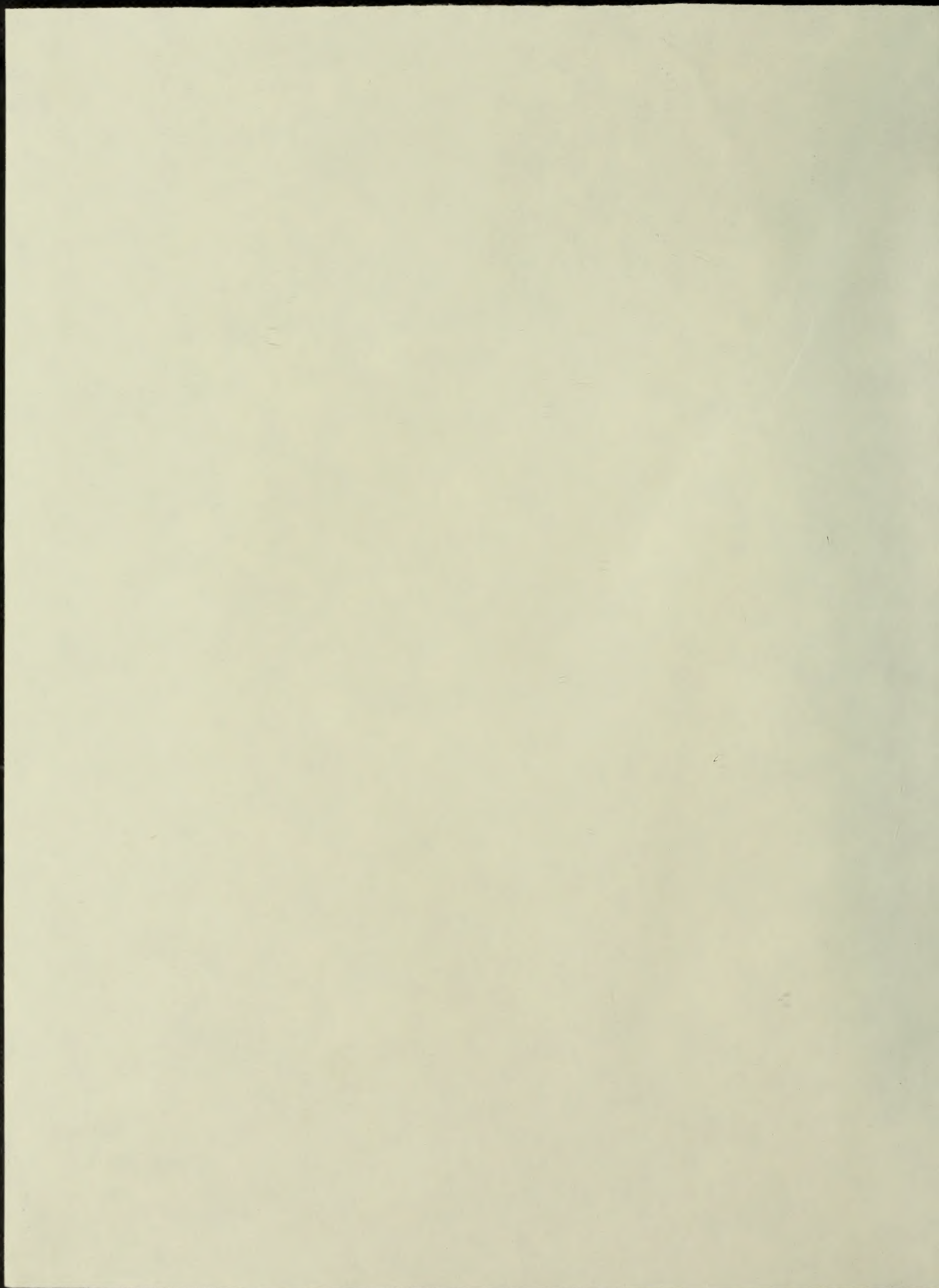


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Department of State ***bulletin***

Volume 85 / Number 2100 / July 1985

The DEPARTMENT OF STATE BULLETIN, published by the Office of Public Communication in the Bureau of Public Affairs, is the official record of U.S. foreign policy. Its purpose is to provide the public, the Congress, and government agencies with information on developments in U.S. foreign relations and the work of the Department of State and the Foreign Service.

The BULLETIN's contents include major addresses and news conferences of the President and the Secretary of State; statements made before congressional committees by the Secretary and other senior State Department officials; selected press releases issued by the White House, the Department, and the U.S. Mission to the United Nations; and treaties and other agreements to which the United States is or may become a party. Special features, articles, and other supportive material (such as maps, charts, photographs, and graphs) are published frequently to provide additional information on current issues but should not necessarily be interpreted as official U.S. policy statements.

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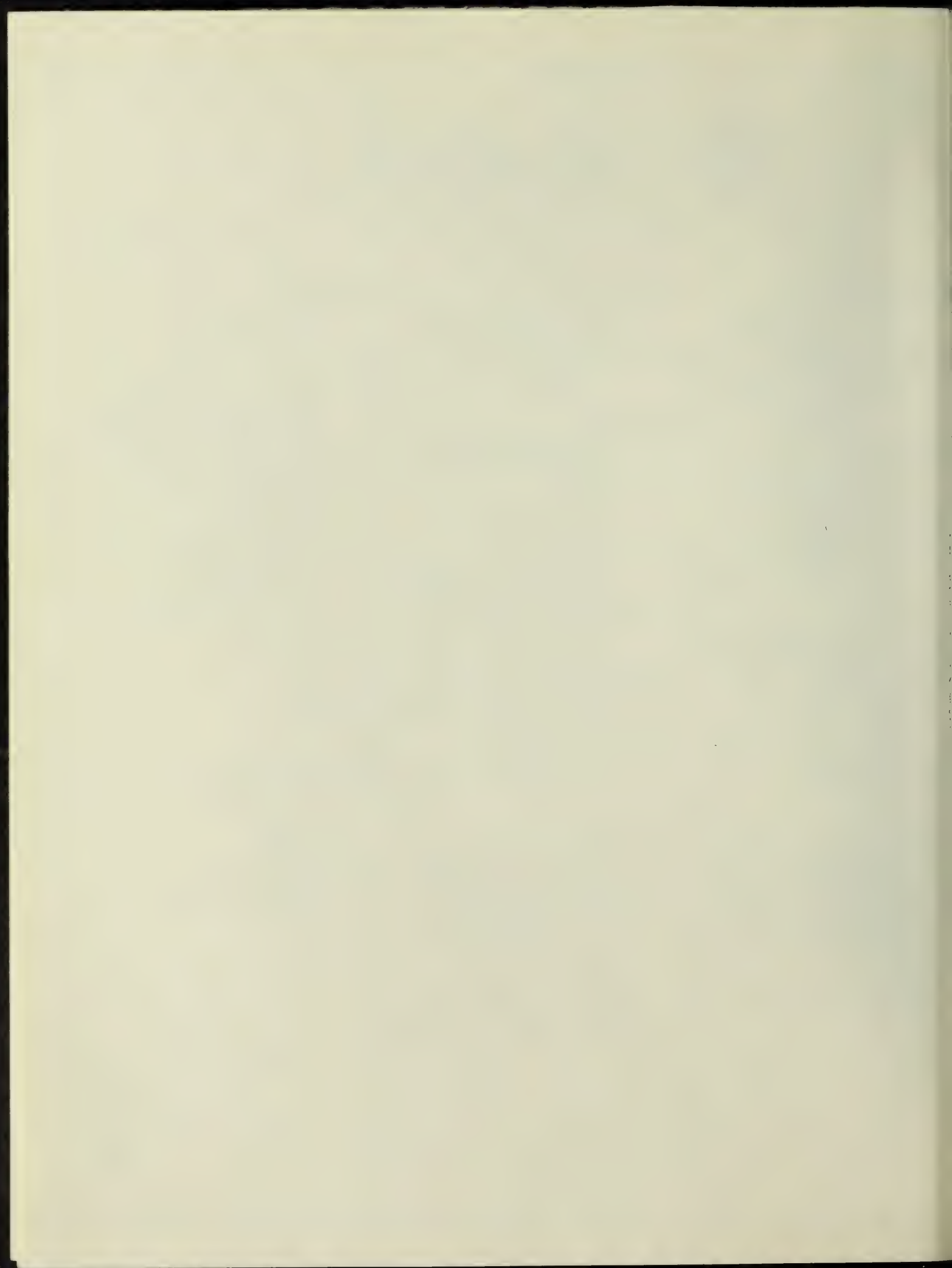
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Bonn Economic Summit

President Reagan attended the 11th economic summit of the industrialized nations in Bonn April 30-May 4, 1985, which was hosted by West German Chancellor Helmut Kohl. The other participants were Prime Minister Brian Mulroney (Canada), President Francois Mitterrand (France), Prime Minister Bettino Craxi (Italy), Prime Minister Yasuhiro Nakasone (Japan), Prime Minister Margaret Thatcher (United Kingdom), and Jacques Delors, President of the European Communities Commission. Following are the President's departure remarks, texts of two declarations issued by the participants, and President Reagan's radio address.

President's Departure Remarks, Apr. 30, 1985¹

Nancy and I leave tonight for the economic summit in Bonn and our state visits to the Federal Republic of Germany, Spain, and Portugal. And I'll also have the opportunity to speak to the Parliament in Strasbourg, France, to mark the 40th anniversary of the end of the Second World War in Europe and the beginning of an unprecedented period of peace and prosperity.

Forty years ago, World War II was nearing its end, much of Europe lay in ruins. The destruction and terrible human losses were matched by fear and doubt about an uncertain future.

We leave tonight for a Europe that is rebuilt from the disaster of war and morally restored from the despair of 1945. The strong, confident alliance of free people who've done this can take satisfaction in their achievements and look to the future with confidence. So, we leave on this journey infused with pride and hope. We are proud of our

Atlantic partnership that anchors the freedom and democracy which our nations have created from the rubble of 40 years ago.

Our hopes for the future are high. Despite the hectic pace of change in today's world, we know that by allowing the freest expression of individual human aspirations, we can surmount our challenges and build a more secure and peaceful future. We know this because of a simple truth which makes our societies strong: Freedom works.

The economic summit conference, now an annual event, spans the free world from the Federal Republic of Germany to Japan, providing the clearest possible symbol of our modern economic interdependence. At this year's summit, we will strive for agreement to meet the challenge of greater growth on which our good fortunes depend. In doing so we will work to ensure cooperation among our economies. We approach this challenge with vigor, vision, and optimism.

We visit Europe determined to carry forward the spirit of peace and reconciliation among old adversaries and the power of our democratic ideals. The

friendship between the American and German people—a great blessing that has grown rich and strong over our three centuries of shared national experience—is dramatic proof of how former enemies can be brought together again.

What better example of the success of democracy could we find than the strong new democratic systems in Spain and Portugal? We're pleased to salute the accomplishments of these countries, whose contribution to the New World was so great. The partnerships that we've built in Europe, the Atlantic community, and across the Pacific are the underlying foundation for the freedom that protects peace and security and strengthens the prosperity for hundreds of millions of people across this planet.

So, we leave tonight, eager to see again our European and Japanese friends and confident that, together, we can meet the challenge of expanding freedom and of preserving the blessings of the peace that we share.

Political Declaration on World War II 40th Anniversary, May 3, 1985²

The Heads of State or Government of Canada, the French Republic, the Federal Republic of Germany, the Republic of Italy, Japan, the United Kingdom and the United States, with the President of the Commission of the European Community, meeting together in Bonn on the eve of the 40th anniversary of the end of the Second World War, remember in grief all those who lost their lives in that time, whether by acts of war or as victims of inhumanity, repression and tyranny. We acknowledge the duty we owe to their memories, and to all those who follow after them, to uphold peace, freedom and justice in our countries and in the world.

We have learned the lessons of history. The end of the war marked a new beginning. As the sounds of battle ceased, we tackled the tasks of moral and spiritual renewal and physical reconstruction. Transcending the hostilities which had once divided us we initiated on the basis of common values a process for reconciliation and cooperation amongst us. Today, linked in a peaceful, secure and lasting friendship, we share in all our countries a commitment to freedom, democratic principles and human rights. We are proud that the Governments of our countries owe their legitimacy to the will of our

people, expressed in free elections. We are proud that our people are free to say and write what they will, to practice the religions they profess, and to travel where they will. We are committed to assuring the maintenance of societies in which individual initiative and enterprise may flourish and the ideals of social justice, obligations and rights may be pursued.

We recognize that we can secure those aims, and meet both the opportunities and the challenges presented by technological and industrial change, more effectively in partnership than on our own. In Europe, the embodiment of reconciliation and common purpose, is growing in membership, strength and prosperity. The nations of the dynamic Pacific region are drawing ever closer together. The partnership of North America, Europe and Japan is a guarantee of peace and stability in the world.

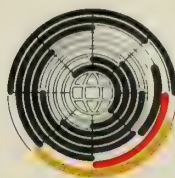
Other nations that shared with ours in the agonies of the Second World War are divided from us by fundamental differences of political systems. We deplore the division of Europe. In our commitment to the ideals of peace, freedom and democracy we seek by peaceful means to lower the barriers that have arisen within Europe. We believe that the CSCE [Conference on Security and Cooperation in Europe] process with its promise of enhancing human rights provides an opportunity to increase confidence, cooperation and security in Europe. Consider-

ing the climate of peace and friendship we have reached amongst ourselves 40 years after the end of the war, we look forward to a state of peace in Europe in which the German people will regain its unity through free self-determination and in Asia we earnestly hope that a political environment will be created which permits the parties to overcome the division of the Korean Peninsula in freedom.

As recognized in the Charter of the United Nations all countries have a joint responsibility to maintain international peace and security and to this end refrain from the threat and the use of force. We for our part share a determination to preserve the peace while protecting our democratic freedoms. To that end, each of us will work to maintain and strengthen a stable military balance at the lowest possible levels of forces, neither seeking superiority for ourselves nor neglecting our defenses. We are prepared to pursue a high-level dialogue to deal with the profound differences dividing East and West. We strongly support endeavours to strengthen the peace and enhance deterrence through the negotiation of meaningful reductions in existing levels of nuclear arms, limitations on conventional arms, the banning of chemical weapons and lessening the risk of conflict. We welcome the opening of negotiations in Geneva. We appreciate the positive proposals of the United States of America. We urge the Soviet Union to act positively



President Reagan with Secretaries Shultz and Baker during summit meeting.



Left to right are President Delors, Prime Minister Craxi, President Mitterrand, Prime Minister Thatcher, Chancellor Kohl, President Reagan, Prime Minister Nakasone, and Prime Minister Mulroney.

and constructively in order to achieve significant agreements there.

We shall continue to seek to work with the developing countries, so as to help them to fight hunger and disease, to build free and prosperous societies, and to take their part in the community of nations committed to peace and freedom. We respect genuine nonalignment as an important contribution to international security and peace.

So, as we look back to the terrible suffering of the Second World War and the common experience of 40 years of peace and freedom, we dedicate ourselves and our countries anew to the creation of a world in which all peoples enjoy the blessings of peace, of justice, and freedom from oppression, want and fear; a world in which individuals are able to fulfill their responsibilities for themselves, to their families and to their communities; a world in which all nations, large and small, combine to work together for a better future for all mankind.

Economic Declaration, May 4, 1985³

1. Conscious of the responsibility which we bear, together with other Governments, for the future of the world economy and the preservation of natural resources, we, the Heads of State or Government of seven major industrial nations and the President of the Commission of the European Communities,

meeting in Bonn from 2 to 4 May 1985, have discussed the economic outlook, problems, and prospects for our countries and the world.

2. World economic conditions are better than they have been for a considerable time. Since we last met, further progress has been achieved in bringing down inflation and strengthening the basis for growth. The recovery in the industrial countries has begun to spread to the developing world. The debt problems of developing countries, though far from solved, are being flexibly and effectively addressed.

3. Nevertheless, our countries still face important challenges. Above all, we need:

- to strengthen the ability of our economies to respond to new developments;
- to increase job opportunities;
- to reduce social inequalities;
- to correct persistent economic imbalances;
- to halt protectionism; and
- to improve the stability of the world monetary system.

4. Our discussions of these challenges have led us to the following conclusions:

(a) The best contribution we can make to a lasting new prosperity in which all nations can share is unremittingly to pursue, individually in our own countries and co-operatively together, policies conducive to sustained growth and higher employment.

(b) The prosperity of developed and developing countries has become increasingly linked. We will continue to work with the developing countries in a spirit of true partnership.

(c) Open multilateral trade is essential to global prosperity and we urge an early and substantial reduction of barriers to trade.

(d) We seek also to make the functioning of the world monetary system more stable and more effective.

(e) Economic progress and the preservation of the natural environment are necessary and mutually supportive goals. Effective environmental protection is a central element in our national and international policies.

I. Growth and Employment

5. In order to sustain non-inflationary growth and higher employment, we have agreed that:

- We will consolidate and enhance the progress made in bringing down inflation.
- We will follow prudent, and where necessary strengthened monetary and budgetary policies with a view to stable prices, lower interest rates and more productive investment. Each of our countries will exercise firm control over public spending in order to reduce budget deficits, when excessive, and, where necessary, the share of public spending in Gross National Product.

- We will work to remove obstacles to growth and encourage initiative and enterprise so as to release the creative energies of our peoples, while maintaining appropriate social policies for those in need.

- We will promote greater adaptability and responsiveness in all markets, particularly the labour market.

- We will encourage training to improve occupational skills, particularly for the young.

- We will exploit to the full the opportunities for prosperity and the creation of permanent jobs, provided by economic change and technological progress.

6. Building on these common principles, each of us has indicated the specific priorities for national policies.

- The President of the United States considers it essential to achieve a rapid and appreciable cut in public expenditures and thus a substantial reduction in the budget deficit. He stresses also the need for further deregulation and for a reform of the tax system aimed at encouraging the efficient use of resources and stimulating new saving and investment.

- The President of the French Republic stresses the need to continue bringing down inflation, to modernize the means of production and to improve employment, to control public spending and to combat social inequality. In that context he attaches high priority to education, research and investment in high technologies with a view to sustained growth.

- The Government of the United Kingdom will continue to work to reduce in-

flation and to create the conditions for sustained growth. It will continue to keep public spending under strict control and maintain monetary discipline. It will promote the development of small and medium-sized businesses and advanced technological industries, and encourage initiative and enterprise and the creation of new job opportunities.

- The Government of the Federal Republic of Germany attaches high priority to strengthening the flexibility and vigour of the economy in order to achieve a lasting improvement in growth and to create new jobs. Small and medium-sized businesses should be especially encouraged as well as high technologies. It will continue to reduce the claims of the public sector on the economy, the budget deficit and the burden of taxation.

- The Government of Japan considers it essential to persevere with its policy of budgetary discipline and strengthening market functions, particularly with a view to fostering investment. It intends to achieve further progress in deregulating financial markets, promoting the international role of the Yen, facilitating access to markets and encouraging growth in imports.

- The Italian Government gives priority to the further reduction of inflation and of the public deficit, while sustaining growth and investment. Particular emphasis will be put on incentives to create small and medium-sized industries, especially in the field of high technology, and to promote employment, especially for young people.

- The Government of Canada will focus on promoting investment and creating jobs in the private sector, on removing obstacles to sustained non-inflationary growth, on reducing the budget deficit and on restraining government expenditure. It will encourage entrepreneurial activities, with emphasis on the small and medium-sized business sectors.

- The Commission of the European Communities attaches high priority to completing a genuine internal market without barriers, which will eliminate rigidities and generate fresh economic growth on a Community-wide scale. A strengthened European Monetary System and closer economic convergence will further serve this end.

By pursuing these policies we will not only address our domestic problems, but at the same time contribute to an enduring growth of the world economy and a more balanced expansion of international trade.

II. Relations with Developing Countries

7. Sustained growth in world trade, lower interest rates, open markets and continued financing in amounts and on terms appropriate to each individual case are essential to enable developing countries to achieve sound growth and overcome their economic and financial difficulties. Flows of resources, including official development assistance, should be maintained and, wherever possible, increased, especially to the poorer countries. In particular, more stable long-term finance, such as direct investment from industrial countries, should be encouraged. We welcome longer-term debt restructuring agreements between debtor countries and commercial banks. We continue to stand ready, where appropriate, to negotiate further multi-year reschedulings of debts to governments and government agencies.

8. We continue to encourage the constructive dialogue with the developing countries in the existing international institution with a view to promoting their economic development and thereby their social and political stability. We emphasize the crucial role of, and the improved co-operation between, the International Monetary Fund and the World Bank Group in supporting policies by debtor countries necessary to strengthen the confidence of domestic and foreign creditors and investors, to mobilize domestic savings and to ensure efficient use of resources and sound long-term development. We agree to work to ensure that these institutions are equipped with the necessary resources and instruments, and we stand ready to discuss an increase in the resources available to the World Bank which may be necessary in the coming years. We remain concerned over the particular problems facing a number of developing countries that are neither among the poorest nor foremost among the group of major debtors. We agree



President Reagan with Prime Minister Mulroney and Secretary Baker.

White House photo by Pete Souza



Economic Summit

that consideration should be given to easing the financial constraints of these countries on a case-by-case basis.

9. We are deeply concerned about the plight of African peoples who are suffering from famine and drought. We welcome the positive response from our citizens and from private organizations, as well as the substantial assistance provided by the governments of many countries and the establishment by the World Bank of the Special Facility for sub-Saharan Africa. We shall continue to supply emergency food aid. In addition, we shall intensify our co-operation with African countries to help them develop their economic potential and a long-term food strategy, based on their own agricultural programmes. We are prepared to promote increases in food production by supplying agricultural inputs such as seed, pesticides and fertilizers, within the framework of agricultural development projects. We agree upon the need to improve the existing early warning systems and improve transportation arrangements. Political obstacles in the countries concerned should not be allowed to stand in the way of the delivery of food to the hungry. We emphasize the need to examine the establishment of a research network on dry zone grains. We shall strengthen our co-operation with African countries in fighting against desertification. Continued efforts are needed by all countries in a position to contribute to any or all of this work. We call upon the Soviet Union and other Communist countries to assume their responsibilities in this regard. We have set up an expert group to prepare proposals for follow-up measures to be reported to Foreign Ministers by September 1985.

II. Multilateral Trading System and International Monetary System

10. Protectionism does not solve problems; it creates them. Further tangible progress in relaxing and dismantling existing trade restrictions is essential. We need new initiatives for strengthening the open multilateral trading system. We strongly endorse the agreement reached by the OECD [Organization for Economic Cooperation and Development] Ministerial Council that a new GATT [General Agreement on Tariffs and Trade] round should begin as soon as possible. Most of us think that this should be in 1986. We agree that it would be useful that a preparatory meeting of senior officials should take place in the GATT before the end of the summer to reach a broad consensus on subject matter and modalities for such negotiations. We also agree that active participation of a significant number of developed and developing countries in such negotiations is essential. We are looking to a balanced package for negotiation.

11. It is also essential to improve the functioning of the international monetary

system. We take note that the Finance Ministers of the Group of Ten, at their meeting in Tokyo in June, intend to complete their current work on ways to improve the functioning of the monetary system and to put forward proposals, to be discussed at the next meeting of the Interim Committee of the International Monetary Fund in Seoul in October, with a view to making the international monetary system more stable and more effective.

IV. Environmental Policies

12. New approaches and strengthened international co-operation are essential to anticipate and prevent damage to the environment, which knows no national frontiers. We shall co-operate in order to solve pressing environmental problems such as acid deposition and air pollution from motor vehicles and all other significant sources. We shall also address other concerns such as climatic change, the protection of the ozone layer and the management of toxic chemicals and hazardous wastes. The protection of soils, fresh water and the sea, in particular of regional seas, must be strengthened.

13. We shall harness both the mechanisms of governmental vigilance and the disciplines of the market to solve environmental problems. We shall develop and apply the "polluter pays" principle more widely. Science and technology must contribute to reconciling environmental protection and economic growth.

14. Improved and internationally harmonized techniques of environmental measurement are essential. We invite the environmental experts of the Technology, Growth and Employment Working Group to consult with the appropriate international bodies about the most efficient ways for achieving progress in this field.

15. We welcome the contribution made by the Environment Ministers to closer international co-operation on environmental concerns. We shall focus our co-operation within existing international bodies, especially the OECD. We shall work with developing countries for the avoidance of environmental damage and disasters worldwide.

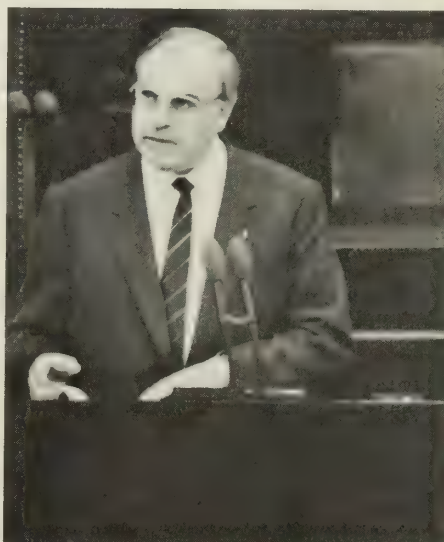
V. Cooperation in Science and Technology

16. We are convinced that international co-operation in research and technology in major projects should be enhanced to make maximum use of our scientific potential. We recognize that such projects require appropriately shared participation and responsibility as well as adequate rules concerning access to the results achieved, the transfer of technology and the use of technologies involved.

17. We welcome the positive responses of the Member States of the European Space Agency (ESA), Canada and Japan to the in-

itation of the President of the United States to co-operate in the United States Manned Space Station Programme on the basis of a genuine partnership and a fair and appropriate exchange of information, experience and technologies. Discussions on intergovernmental co-operation in development and utilization of permanently manned space stations will begin promptly. We also welcome the conclusions of the ESA Council on the need for Europe to maintain and expand its autonomous capability in space activity, and on the long-term European Space Plan and its objectives.

18. We welcome the report from the Technology, Growth and Employment Working Group on the work done in the eighteen areas of co-operation and invite the Group to complete its review by the end of the year. We welcome the positive contribution which the Ministerial Conference on "Technological Development and Employment" held in Venice has made towards wider acceptance of



White House photo by Terry Arthurs



Chancellor Kohl reading joint statement.

the role of technological change in promoting growth and employment. We also welcome the results of the Rambouillet Conference on Bioethics and thank the Federal Republic of Germany for its willingness to host a symposium on neurobiology in 1986.

19. We have agreed to meet again next year and have accepted the Japanese Prime Minister's invitation to meet in Japan.

President's Radio Address, May 4, 1985⁴

Greetings from Europe. I'm speaking to you from Bonn, West Germany. It's 6 o'clock in the evening here, and we've just completed the 11th annual economic summit among the world's seven major industrial democracies, together with the European Commission.

This year's summit is winding up on the eve of the 40th anniversary of the end of World War II. As is fitting, we celebrate the remarkable achievements of the world's family of free nations during these last four decades: peace has flourished; our economies have prospered, and technological advances have revolutionized our lives.

The friendly atmosphere of our meetings made it difficult to imagine that the United States, France, Britain, and Canada were pitted against countries which today are among freedom's staunchest supporters—the Federal Republic of Germany, Japan, and Italy. We celebrate our shared success, and we take heart that former enemies have been reconciled and are now partners and friends.

All of us are looking to the future to what could and should be the next 40 years of growth—growth of our economies and our freedom, growth of human progress in our own countries and around the world.

I was encouraged that the leaders present acknowledged how together we can sustain a future in which the freedom of our people can fully flourish in a world at peace.

On the economic front, I reviewed the progress America has enjoyed from reducing tax rates and increasing personal incentives. We all looked ahead to new and more vigorous efforts to reduce the heavy drag of government on our

economies. I spoke of our own plans for a radical overhaul of our tax system, making it more simple and fair and bringing personal tax rates further down to strengthen the promise of growth well into the 1990s.

One great challenge all our countries faced is government overspending leading to dangerous deficits, which, if left unchecked, will mortgage our future and impoverish our children. Few people realize that America's deficit, as a percent of our total economy, is about the same as or less than most other summit countries. All of us must work harder to cut wasteful, unnecessary government spending.

On the trade front, it was clear that almost all of my summit partners want a 1986 target date to begin a new round of trade negotiations. These negotiations would be aimed at freer trade, more open markets, and greater competition worldwide. I'm heartened by the progress on this issue since last year's summit. Everyone now recognizes new negotiations are needed soon. We're pleased that plans for these negotiations, so important to world prosperity, have gained momentum.

In the area of security, we reaffirmed our determination to remain vigilant while working for progress in the Geneva arms control talks with the Soviets. The Soviet Union continues to be the major source of aggression in the world, building up its military forces far beyond any defensive needs and, through those forces and those of its satellites, promoting violence and repression across the globe, from Afghanistan to Cambodia to Nicaragua. So, we the democratic nations must continue to maintain our strength and keep the peace to enhance deterrence while striving, through negotiations, to achieve equitable and verifiable reductions in nuclear arsenals. The West will receive no gifts from the Soviets. Allied unity and resolve is the only message we can expect them to respect and respond to in a constructive way.

We also discussed our research on a non-nuclear defense, a defense not to harm people, but to prevent nuclear missiles from reaching our soil. I explained that this research will not produce results overnight and is no substitute for allied strategic modernization, but that over time, if our research

proves out, we could lessen the threat of nuclear attack and begin to get rid of these dangerous weapons. Our host, Chancellor Kohl, welcomes SDI [Strategic Defense Initiative] research, and other summit leaders said they'll examine how they might participate in this immensely hopeful undertaking.

One unexpected but encouraging development in the meetings here in Bonn was the real interest expressed by all the leaders in cracking down on international drug trafficking. Recognizing the terrible scourge of drugs and the danger they pose to our youth, we all agreed to intensify our efforts to tackle this problem. As a matter of fact, Nancy has just returned from Rome, where she had a private audience to discuss this great social problem with His Holiness Pope John Paul II, who has also spoken out against this terrible evil.

The Bonn summit made clear that 40 years after defeating fascism, freedom continues to shower us with infinite blessings. But as long as another system drives relentlessly to expand and control, we must be freedom's protector. If we are, if we remain as strong and true as we must be, these next 40 years will truly be the golden age of democracy.

¹Made at the South Portico of the White House (text from Weekly Compilation of Presidential Documents of May 6, 1985).

²Text from Weekly Compilation of Presidential Documents of May 13, 1985.

³Chancellor Kohl read the declaration to news correspondents assembled at the *Bundestag* in the presence of the other summit participants (text from Weekly Compilation of Presidential Documents of May 13, 1985).

⁴Broadcast from Schloss Gymnich in Bonn (text from Weekly Compilation of Presidential Documents of May 13, 1985). ■

Visit to the Federal Republic of Germany, Spain, France, and Portugal

President Reagan departed the United States on April 30, 1985, to visit the Federal Republic of Germany (April 30–May 6) where he attended the economic summit, Spain (May 6–8), France (May 8), and Portugal (May 8–10). He returned to Washington on May 10. Following are addresses, remarks, toasts, and a news conference made on various occasions during the trip.¹

FEDERAL REPUBLIC OF GERMANY

Bergen-Belsen Concentration Camp, May 5, 1985²

Chancellor Kohl and honored guests, this painful walk into the past has done much more than remind us of the war that consumed the European Continent. What we have seen makes unforgettably clear that no one of the rest of us can fully understand the enormity of the feelings carried by the victims of these camps. The survivors carry a memory beyond anything that we can comprehend. The awful evil started by one man, an evil that victimized all the world with its destruction, was uniquely destructive of the million forced into the grim abyss of these camps.

Here lie people—Jews—whose death was inflicted for no reason other than their very existence. Their pain was borne only because of who they were and because of the God in their prayers. Alongside them lay many Christians—Catholics and Protestants.

For year after year, until that man and his evil were destroyed, hell yawned forth its awful contents. People were brought here for no other purpose but to suffer and die—to go unfed when hungry, uncared for when sick, tortured when the whim struck, and left to have

misery consume them when all there was around them was misery.

I'm sure we all share similar first thoughts, and that is: What of the youngsters who died at this dark stalag? All was gone for them forever—not to feel again the warmth of life's sunshine and promise, not the laughter and the splendid ache of growing up, nor the consoling embrace of a family. Try to think of being young and never having a day without searing emotional and physical pain—desolate, unrelieved pain.

Today, we've been grimly reminded why the commandant of this camp was named "the Beast of Belsen." Above all, we're struck by the horror of it all—the monstrous, incomprehensible horror. And that's what we've seen but is what we can never understand as the victims did. Nor with all our compassion can we feel what the survivors feel to this day and what they will feel as long as they live. What we've felt and are expressing with words cannot convey the suffering that they endured. That is why history will forever brand what happened as the Holocaust.

Here, death ruled, but we've learned something as well. Because of what happened, we found that death cannot rule forever, and that's why, we're here today. We're here because humanity refuses to accept that freedom of the spirit of man can ever be extinguished. We're here to commemorate that life triumphed over the tragedy and the death of the Holocaust—overcame the suffering, the sickness, the testing and, yes, the gassings. We're here today to confirm that the horror cannot outlast

hope, and that even from the worst of all things, the best may come forth. Therefore, even out of this overwhelming sadness, there must be some purpose, and there is. It comes to us through the transforming love of God.

We learn from the Talmud that: "It was only through suffering that the children of Israel obtained three priceless and coveted gifts: The Torah, the Land of Israel, and the World to Come." Yes, out of this sickness—as crushing and cruel as it was—there was hope for the world as well as for the world to come. Out of the ashes—hope, and from all the pain—promise.

So much of this is symbolized today by the fact that most of the leadership of free Germany is represented here today. Chancellor Kohl, you and your countrymen have made real the renewal that had to happen. Your nation and the German people have been strong and resolute in your willingness to confront and condemn the acts of a hated regime of the past. This reflects the courage of your people and their devotion to freedom and justice since the war. Think how far we've come from that time when despair made these tragic victims wonder if anything could survive.

As we flew here from Hanover, low over the greening farms and the emerging springtime of the lovely German countryside, I reflected, and there must have been a time when the prisoners at Bergen-Belsen and those of every other camp must have felt the springtime was gone forever from their lives. Surely we can understand that when we see what is around us—all these children of God under bleak and lifeless mounds, the plainness of which does not even hint at the unspeakable acts that created them. Here they lie, never to hope, never to pray, never to love, never to heal, never to laugh, never to cry.

And too many of them knew that this was their fate, but that was not the end. Through it all was their faith and a spirit that moved their faith.

Nothing illustrates this better than the story of a young girl who died here at Bergen-Belsen. For more than 2 years Anne Frank and her family had hidden from the Nazis in a confined annex in Holland where she kept a remarkably profound diary. Betrayed by an informant, Anne and her family were sent by freight car first to Auschwitz and finally here to Bergen-Belsen.

Just 3 weeks before her capture, young Anne wrote these words: "It's really a wonder that I haven't dropped all my ideals because they seem so absurd and impossible to carry out. Yet I

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keep them because in spite of everything I still believe that people are good at heart. I simply can't build up my hopes on a foundation consisting of confusion, misery and death. I see the world gradually being turned into a wilderness. I hear the ever approaching thunder which will destroy us too; I can feel the suffering of millions and yet, if I looked up into the heavens I think that it will all come right, that this cruelty too will end and that peace and tranquility will return again." Eight months later, this sparkling young life ended here at Bergen-Belsen. Somewhere here lies Anne Frank.

Everywhere here are memories—pulling us, touching us, making us understand that they can never be erased. Such memories take us where God intended His children to go—toward learning, toward healing, and, above all, toward redemption. They beckon us through the endless stretches of our heart to the knowing commitment that the life of each individual can change the world and make it better.

We're all witnesses, we share the glistening hope that rests in every human soul. Hope leads us, if we're prepared to trust it, toward what our President Lincoln called the better angels of our nature. And then, rising above all this cruelty, out of this tragic and nightmarish time, beyond the anguish, the pain and the suffering for all time, we can and must pledge: Never again.

Bitburg Air Base, May 5, 1985³

Thank you very much. I have just come from the cemetery where German war dead lay at rest. No one could visit there without deep and conflicting emotions. I felt great sadness that history could be filled with such waste, destruction, and evil, but my heart was also lifted by the knowledge that from the ashes has come hope and that from the terrors of the past we have built 40 years of peace, freedom, and reconciliation among our nations.

This visit has stirred many emotions in the American and German people, too, I've received many letters since first deciding to come to Bitburg cemetery; some supportive, others deeply concerned and questioning, and others opposed. Some old wounds have been reopened, and this I regret very much because this should be a time of healing.

To the veterans and families of American servicemen who still carry the scars and feel the painful losses of that war, our gesture of reconciliation with the German people today in no way minimizes our love and honor for those who fought and died for our country. They gave their lives to rescue freedom in its darkest hour. The alliance of democratic nations that guards the freedom of millions in Europe and America today stands as living testimony that their noble sacrifice was not in vain.

No, their sacrifice was not in vain. I have to tell you that nothing will ever fill me with greater hope than the sight of two former war heroes who met today at the Bitburg ceremony; each among the bravest of the brave; each an enemy of the other 40 years ago; each a witness to the horrors of war. But today they came together, American and German, General Matthew B. Ridgway and General Johannes Steinhoff, reconciled and united for freedom. They reached over the graves to one another like brothers and grasped their hands in peace.

To the survivors of the Holocaust: Your terrible suffering has made you ever vigilant against evil. Many of you are worried that reconciliation means forgetting. Well, I promise you, we will never forget. I have just come this morning from Bergen-Belsen, where the horror of that terrible crime, the Holocaust, was forever burned upon my memory. No, we will never forget, and we say with the victims of that Holocaust: Never again.

The war against one man's totalitarian dictatorship was not like other wars. The evil war of nazism turned all values upside down. Nevertheless, we

can mourn the German war dead today as human beings crushed by a vicious ideology.

There are over 2,000 buried in Bitburg cemetery. Among them are 48 members of the SS—the crimes of the SS must rank among the most heinous in human history—but others buried there were simply soldiers in the German Army. How many were fanatical followers of a dictator and willfully carried out his cruel orders? And how many were conscripts, forced into service during the death throes of the Nazi war machine? We do not know. Many, however, we know from the dates on their tombstones, were only teenagers at the time. There is one boy buried there who died a week before his 16th birthday.

There were thousands of such soldiers to whom nazism meant no more than a brutal end to a short life. We do not believe in collective guilt. Only God can look into the human heart, and all these men have now met their supreme judge, and they have been judged by Him as we shall all be judged.

Our duty today is to mourn the human wreckage of totalitarianism, and today in Bitburg cemetery we commemorate the potential good in humanity that was consumed back then, 40 years ago. Perhaps if that 15-year-old soldier had lived, he would have joined his fellow countrymen in building this new democratic Federal Republic of Germany, devoted to human dignity and the defense of freedom that we celebrate today. Or perhaps his children or his grandchildren might be among you here today at the Bitburg Air Base, where new generations of Germans and Americans join together in friendship

(White House photo by Terry, Arthur)



President and Mrs. Reagan at Bergen-Belsen Concentration Camp.

and common cause, dedicating their lives to preserving peace and guarding the security of the free world.

Too often in the past each war only planted the seeds of the next. We celebrate today the reconciliation between our two nations that has liberated us from that cycle of destruction. Look at what together we've accomplished. We who were enemies are now friends; we who were bitter adversaries are now the strongest of allies.

In the place of fear we've sown trust, and out of the ruins of war has blossomed an enduring peace. Tens of thousands of Americans have served in this town over the years. As the mayor of Bitburg has said, in that time there have been some 6,000 marriages between Germans and Americans, and many thousands of children have come from these unions. This is the real symbol of our future together, a future to be filled with hope, friendship, and freedom.

The hope that we see now could sometimes even be glimpsed in the darkest days of the war. I'm thinking of one special story—that of a mother and her young son living alone in a modest cottage in the middle of the woods. And one night as the Battle of the Bulge exploded not far away, and around them, three young American soldiers arrived at their door—they were standing there in the snow, lost behind enemy lines. All were frostbitten; one was badly wounded. Even though sheltering the enemy was punishable by death, she took them in and made them a supper with some of her last food. Then, they heard another knock at the door. And this time four German soldiers stood there. The woman was afraid, but she quickly said with a firm voice, "There will be no shooting here." She made all the soldiers lay down their weapons, and they all joined in the makeshift meal. Heinz and Willi, it turned out, were only 16; the corporal was the oldest at 23. Their natural suspicion dissolved in the warmth and the comfort of the cottage. One of the Germans, a former medical student, tended the wounded American.

But now, listen to the rest of the story through the eyes of one who was there, now a grown man, but that young lad that had been her son. He said: "The Mother said grace. I noticed that there were tears in her eyes as she said the old, familiar words, 'Komm, Herr Jesus. Be our guest.' And as I looked around the table, I saw tears, too, in the eyes of the battle-weary soldiers, boys again, some from America, some from Germany, all far from home."



(White House photo by Barry Fernald)

President Reagan and Chancellor Kohl review troops at a joint U.S.-West German ceremony at Bitburg Air Base.

That night—as the storm of war tossed the world—they had their own private armistice. And the next morning, the German corporal showed the Americans how to get back behind their own lines. And they all shook hands and went their separate ways. That happened to be Christmas Day, 40 years ago.

Those boys reconciled briefly in the midst of war. Surely we allies in peacetime should honor the reconciliation of the last 40 years.

To the people of Bitburg, our hosts and the hosts of our servicemen, like that generous woman 40 years ago, you make us feel very welcome. *Vielen dank.* [Many thanks.]

And to the men and women of Bitburg Air Base, I just want to say that we know that even with such wonderful hosts, your job is not an easy one. You serve around the clock far from home, always ready to defend freedom. We're grateful, and we're very proud of you.

Four decades ago we waged a great war to lift the darkness of evil from the world, to let men and women in this country and in every country live in the sunshine of liberty. Our victory was great, and the Federal Republic, Italy, and Japan are now in the community of free nations. But the struggle for freedom is not complete, for today much

of the world is still cast in totalitarian darkness.

Twenty-two years ago President John F. Kennedy went to the Berlin Wall and proclaimed that he, too, was a Berliner. Well, today freedom-loving people around the world must say: I am a Berliner, I am a Jew in a world still threatened by anti-Semitism, I am an Afghan, and I am a prisoner of the Gulag, I am a refugee in a crowded boat foundering off the coast of Vietnam, I am a Laotian, a Cambodian, a Cuban, and a Miskito Indian in Nicaragua. I, too, am a potential victim of totalitarianism.

The one lesson of World War II, the one lesson of nazism, is that freedom must always be stronger than totalitarianism and that good must always be stronger than evil. The moral measure of our two nations will be found in the resolve we show to preserve liberty, to protect life, and to honor and cherish all God's children.

That is why the free, democratic Federal Republic of Germany is such a profound and hopeful testament to the human spirit. We cannot undo the crimes and wars of yesterday nor call back the millions to life, but we can give meaning to the past by learning its lessons and making a better future. We

THE PRESIDENT

can let our pain drive us to greater efforts to heal humanity's suffering.

Today I've traveled 220 miles from Bergen-Belson, and, I feel, 40 years in time. With the lessons of the past firmly in our minds, we've turned a new, brighter page in history.

One of the many who wrote me about this visit was a young woman who had recently been Bat Mitzvah. She urged me to lay the wreath at Bitburg cemetery in honor of the future of Germany. And that is what we've done.

On this 40th anniversary of World War II, we mark the day when the hate, the evil, and the obscenities ended, and we commemorate the rekindling of the democratic spirit in Germany.

There's much to make us hopeful on this historic anniversary. One of the symbols of that hate—that could have been that hope, a little while ago, when we heard a German band playing the American National Anthem and an American band playing the German National Anthem. While much of the world still huddles in the darkness of oppression, we can see a new dawn of freedom sweeping the globe. And we can see in the new democracies of Latin America, in the new economic freedoms and prosperity in Asia, in the slow movement toward peace in the Middle East, and in the strengthening alliance of democratic nations in Europe and America that the light from that dawn is growing stronger.

Together, let us gather in the light and walk out of the shadow. Let us live in peace.

Bonn, Dinner Toasts, May 5, 1985⁴

Our visit to the Federal Republic of Germany has been a wonderful and enriching experience. Today was especially moving. We cannot fully understand the long road we've all traveled since 1945 unless we remember the beginnings. By standing before mass graves at a spot such as Bergen-Belsen, we could begin—but only begin—to feel the suffering of so many innocent people and to sense the horror which confronted our leaders 40 years ago. And by joining Chancellor Kohl in Bitburg, we could better understand the price paid by the German people for the crimes of the Third Reich.

Today, as 40 years ago, the thought uppermost in our minds must remain: Never again. You, Mr. President [Richard von Weizsacker], embody the values which we're working to protect



President Reagan with West German President Richard von Weizsacker in Bonn on May 6, 1985.

today. Your distinguished career in business and politics, your engagement in church affairs are exemplary. Over the years, Americans have been especially moved by our ability to articulate the soul of the German nation. You have been eloquent in your message of sorrow over Germany's historic burdens. You've been inspiring in your offer of hope. I remember so vividly my visit to the great city of Berlin in 1982. Your achievement in restoring confidence and hope to democracy's city was a service to the entire West.

The camaraderie of this evening, the good will that we've enjoyed, reflect the deep and abiding friendship between our two peoples, an affection that overcame the bitterness of war. The passage penned by Schiller in "Wilhelm Tell" says, "What's old collapses, times change and new life blossoms in the ruins." Forty years ago, our friendship blossomed in the ruins. Today the bond between us is a powerful force for good, improving the material well-being of our peoples, helping keep us at peace, and protecting our freedom. In this year, studded with anniversaries, let us remember to

celebrate the beginning of friendship as well as the end of war.

You, Mr. President, and Chancellor Kohl have been among the most thoughtful spokesmen for the spirit of the Federal Republic. Through you we've experienced the warmth and depth of German-American solidarity. By working together as friends and allies we have accomplished more than any visionary could have predicted.

Europe has enjoyed 40 years of peace. This did not just happen by chance. Peace has been the outcome of decisions made by individuals with the wisdom to see what was needed and the courage to do it. Chancellor Kohl, I understand and appreciate how difficult it was for you to stand firm and refuse to back away from the decision to modernize NATO's nuclear deterrent. By moving forward we balanced off the threat created by the massive Soviet buildup of the last decade and gave substance to our arms reduction talks in Geneva.

What we seek in Geneva is an agreement which will permit us to reduce

Hambach Castle, May 6, 1985

My young friends of Germany and Europe, *danke schoen*. Nancy and I are very happy to be with you and to see that the ideals of the first Hambach Fest live on today—to join you at this site so rich in history makes this a very special day.

Already, you have given us a gift of hope and beauty from the site of this sturdy old castle in the spirit of your youth and the spirit of Germany's future and, yes, from the warmth that we feel in German hearts. I may not say it well, but I can truly say, *Wir fuehlen uns ganz hier zu Hause* [We feel completely at home here].

In welcoming us, you honor the 237 million Americans that I'm privileged to represent. I might add that, as you've been told, more Americans trace their roots to this land, these towns, and your families than to almost any other place or people in the world.

It's fitting that we meet where so much that is good and worthy of our two nations began. From here in the Rhineland-Palatinate, thousands left to cross a mighty ocean, to push back America's frontiers, and to help us win a great struggle for independence. You have been told that, yes, one regiment came from Zweibruecken, led by Count Christian and Viscount Wilhelm von Frobach. They fought by our side. They were with us the day we won the historic battle of Yorktown, the day the American Revolution triumphed.

And it was from this hill on this good soil that freedom was proclaimed and the dream of democracy and national unity came alive in the German soul.

I am only a visitor to your country, but I am proud to stand with you today by these walls of Schloss Hambach. They are walls of time that cradle the glorious past and that reach toward the promise of a future written for eternity across this wide-open sky. Think back to that first festival of freedom that was held here in 1832. What noble vision it was that inspired and emboldened your first patriots—not violence, not destruction of society, and not some far-flung utopian scheme. No, their vision and cry were revolutionary in the truest sense of that word. Those first patriots cried out for a free, democratic, and united Germany, and we do so again today. They cried out for solidarity with freedom fighters in Poland, and we do so again today. And they waved the colors of black, red, and gold to announce rebirth

of human spirit and dignity, and those colors wave proudly here today.

The dream was voiced by many that year. But there was one student, and I am told that his name was Karl Heinrich Bruggemann, whose passion and eloquence echo with us still. "All Germanic peoples," Karl said, "will and must acquire greater dignity; the times of tyranny have passed. Free states will flourish, patriotic nations will in future celebrate the New Europe."

The new Europe—153 years have come and gone, bringing great change and progress. But the new Europe is yet to be complete. Why is this so? We know the answer. It is not that freedom has not worked for the European people, but that too many Europeans have been forbidden to work for freedom. It's not that democracy was tried and found wanting, but that some forbade democracy to be tried because they knew it would succeed.

Europe today—divided by concrete walls, by electrified barbed wire, and by mined and manicured fields, killing fields—it is a living portrait of the most compelling truth of our time: the future belongs to the free.

You are living in the springtime of your lives. The world needs your idealism, your courage, and your good works. From one whose own life spans many years—my critics in America would tell you too many years—permit me to offer you some observations about the future; about the creative future that can be ours if only we apply our wisdom and will to heed the lessons of history. Let me speak to you for a moment about your responsibilities and your opportunities.

Responsibilities and Opportunities

In many ways, the challenges of 1832, when thousands of young Germans came here to protest repression, were similar to those you face today. By that year of 1832, Germany was changing rapidly. The industrial revolution was sweeping across Europe. But in dealing with these new problems, strong forces inside and outside Germany resisted democracy and national unity.

The great hopes that arose in 1832 and again in 1848 were set back. But despite the difficulties of democratic movements, we know for sure that totalitarianism, by whatever name, will never fulfill German aspirations within a united Europe. The cause of German unity is bound up with the cause of democracy. As Chancellor Kohl said in his state of the nation address last February, "Europe is divided because

significantly the size of nuclear arsenals. For too long we have lived in the shadow of nuclear destruction. The United States is now moving forward with a research program which could offer a way to diminish the threat of nuclear annihilation. I hope that the Federal Republic will join us in this effort to find ways to enhance deterrence based on protection instead of retaliation, on systems capable of destroying attacking missiles but incapable of threatening people.

Today, very appropriately, marks the 30th anniversary of the Federal Republic's entry into NATO. As always, our collective effort will be founded on one simple truth: NATO threatens no one; NATO protects the peace.

It's especially fitting that on this the anniversary of the end of a worldwide conflagration that the leaders of the seven great industrial democracies met here in the Federal Republic to exchange ideas on economic issues and matters of state. As individuals elected by the people to represent their values as well as their interests, our good will and cooperation reflect the highest aspirations of the free people of this planet. The freedom our peoples have enjoyed in these last four decades has opened the door to a future in which our potential will be limited only by our imagination. The free people of the world, especially here in the Federal Republic and in the United States, stand together on the edge of this new era, a time of space stations, conquering diseases, and great leaps in the standard of living for all mankind.

Ahead of us may be a time when the artificial barriers that divide Germany, and indeed all Europe, are cast away, a time when there will be no need for weapons or barbed wire or walls in Berlin.

These are not dreams. I believe from the bottom of my heart we have every reason for confidence. The future is on the side of the free. The Federal Republic and the United States have proven that. Our 40 years of friendship are reason enough to rejoice, but let us look to the next 40 years, to the freedom and peace our children and their children will enjoy, to the boundless progress they will make, and to the friendship between Germany and the United States, which will serve them well just as it has served us.

Let me then offer a toast to the many friends gathered here tonight and especially to our shared future. To the President, to Germany, to America, and to freedom throughout Europe.

THE PRESIDENT

part of Europe is not free; Germany is divided because part of Germany is not free." And democracy will only be complete, Europe will only be united, when all Germans and all Europeans are finally free.

But even if national unity cannot be achieved immediately, you, the youth of Germany, you who are Germany's future, can show the power of democratic ideals by committing yourselves to the cause of freedom here in Europe and everywhere.

You know, some may not like to hear it, but history is not on the side of those who manipulate the meaning of words like revolution, freedom, and peace. History is on the side of those struggling for a true revolution of peace with freedom all across the world.

Nothing could make our hearts more glad than to see the day when there will be no more walls, no more guns to keep loved ones apart. Nothing could bring greater happiness than to reach an agreement that will rid the Earth of nuclear weapons forever, and we will never stop praying, never stop working, never stop striving one moment to bring that day closer.

But, my young friends, I must also plead for realism, for unless and until there's a change by the other side, the United States must fulfill a commitment of its own—to the survival of liberty. The first frontier of European liberty begins in Berlin, and I assure you that America will stand by you in Europe and America will stand by you in Berlin.

Understanding the true nature of totalitarianism will be worth as much to us as any weapons system in preserving peace. Realism is the beginning of wisdom, and where there's wisdom and courage, there will be safety and security, and they will be yours.

Your future awaits you; so take up your responsibilities and embrace your opportunities with enthusiasm and pride in Germany's strength. Understand that there are no limits to how high each of you can climb. Unlike your cousins on the other side of the wall, your future is in your hands—you're free to follow your dreams to the stars. And, you know, we have something so precious if we'll just remember: the eternal youngness of freedom makes it irresistible to people everywhere.

And we who live in this great cathedral of freedom need to remind ourselves that we can see our future shining, we can see new freedom spires rising, and, yes, we can see the times of tyranny passing if we will just believe in our own greatest strengths—our

courage, our worthiness, our unlimited capacity for love.

Let us ask ourselves: what is at the heart of freedom? In the answer lies the deepest hope for the future of mankind and the reason there can be no walls around those who are determined to be free. Each of us, each of you, is made in the most enduring, powerful image of Western civilization. We're made in the image of God, the image of God, the Creator.

This is our power. And this is our freedom. This is our future. And through this power—not drugs, not

materialism or any other "ism"—can we find brotherhood. And you can create the new Europe—a Europe democratic, a Europe united east and west, a Europe at long last completely free.

The Future of Europe

Now, we hear it said by some that Europe may be glum about her future, that Europe dares no more. Well, forgive me, but I think this kind of talk is nonsense. And I hope you think it's nonsense, too. It is you, Germany, and you, Europe, that gave the values and



Hambach Castle was the site of the 1832 "Hambach Festival" which was held as the first expression of national movement for democracy and freedom.

vitality of Judeo-Christian civilization to America and to the world. It is Europe that has known more tragedy and triumph than anyplace in history. Each time you suffered, you sprang back like giants—the giants, Adenauer and Schuman, Churchill and Monnet.

Today, only 40 years after the most devastating war known to man, Western Europe has risen in glory from its ruins. Today, Europe stands like Schloss Hambach, a magnificent monument to the indomitable spirit of free people.

No country in the world has been more creative than Germany, and no other can better help to create our future. We have already seen one miracle, your *Wirtschaftswunder*—the experts expected it would be decades before the German economy regained its prewar level. You did it in less than one. The experts said the Federal Republic could not absorb millions of refugees, establish a democracy on the ashes of Nazism, and be reconciled with your neighbors. You did all three.

Germany's success showed that our future must not depend on experts or on government plans but on the treasures of the human mind and spirit—imagination, intellect, courage, and faith. We remembered Ludwig Erhard's secret, how he blazed Germany's path with freedom by creating opportunity and lowering tax rates to reward every man and woman who dared to dream and to create the future—your farmers, labor leaders, carpenters, and engineers—every German hero who helped to put the pieces of a broken society back together.

I want to encourage you today to consider joining with your friends, now or in the future, to start up your own business, become part of a great new movement for progress—the age of the entrepreneur. Small businesses will be the biggest job creators for the future.

Human faith and skill discovered oil where once there was only sand. Today, we're discovering a new world of computers, microchips, and biotechnology. The new technologies can bring opportunities, create more jobs, produce medical breakthroughs, make our world cleaner and more humane, and provide better means of communication to bring the people of the world closer together. One top American computer firm was actually started by two college students in a garage behind their house.

Technology developed in the Federal Republic can make your air and water more pure, preserve the environment for your children. And because you're free, because you live in a democracy, you can help make all these things hap-

pen. You can make your voices heard so that technology works for us, not against us. My young friends, you can not only control your lives, you can help invent the future.

New technologies may someday enable us to develop far safer defenses—a non-nuclear defense not to harm people but to prevent missiles from reaching our soil; a non-nuclear defense not to militarize space but to demilitarize the arsenals of Earth. For now, we must rely on a system based on the threat of nuclear retaliation called mutual assured destruction. But someday your children may be protected and war could be avoided by a system we would call mutual assured survival. Someday, technology developed by your generation could render nuclear weapons obsolete.

Working together in space—as we've done with your fine astronaut, Ulf Merbold—we can create the future together. We've learned enough from our shuttle flights to believe that we'll be able to manufacture in space rare crystals and medicines in far greater quantities, medicines to treat diseases that afflict millions of us. In the zerogravity of space, we could make medicines to treat victims of heart attack and manufacture factor 8, a rare and expensive medicine used to treat hemophiliacs. We could study the beta cell, which produces insulin and which could give us mankind's first permanent cure for diabetes. We know from one of our flights this is possible in space. In your lifetime, men and women will be living and working in space.

We're going to make the extraordinary commonplace—this is freedom's way. And those secrets for our future belong not just to us in Europe and America but to all people in all places in all time. Look at Singapore, Hong Kong, Taiwan—tiny specks on the globe, densely populated, and with few natural resources. But today they are stunning success stories—mighty little engines of growth and progress, pulling the world forward, thanks to their dynamic policies of incentives that reward innovation, risk-taking, and hard work.

The future awaits your creation.

From your ranks can come a new Bach, Beethoven, Goethe, and Otto Hahn for Germany's future. Your future will be a way station further along that same journey in time begun by the great patriots at Hambach 153 years ago—a journey that began in a dream of the human heart; a journey that will not be complete until the dream is real; until the times of tyranny have passed; until the fear of political torture is no more; until the pain of poverty has been lifted from every person in the world forever. This is freedom's vision, and it's good. And you must go out from here and help make it come true.

My young friends, believe me, this is a wonderful time to be alive and to be free. Remember that in your hearts are the stars of your fate; remember that everything depends on you; and remember not to let one moment slip away, for as Schiller has told us, "He who has done his best for his own time has lived for all times."



Gravesite of Konrad Adenauer at Rhoendorf, outside Bonn.

(White House photo by Pete Souza)

THE PRESIDENT

I'd like to insert something here that isn't in the scripts that you may have. There is a poem in our country born of a story of ours in which the words are, "breathes there a man with soul so dead who never to himself hath said, this is my own, my native land."

SPAIN

Madrid, Juan March Foundation, May 7, 1985⁵

Your Majesty, ladies and gentlemen, it's a great honor to be with you today. I've been wanting to revisit Spain since I first became President, and I'm delighted that we were finally able to make it here this year. After all, it's already been almost five centuries since your first delegation visited our country.

We have much to celebrate as we approach the 500th anniversary of the voyage of Christopher Columbus. And it's no exaggeration to say that we stand at the outset of a new golden age—a golden age of freedom that is sweeping across both the Old World and the New. I'm convinced that historians will look back on Iberia's peaceful and joyful embrace of democracy as a decisive turning point. They will see it as the moment when freedom ended a long retreat and began a broad, new advance that has spread from Spain and Portugal to the Americas and has, in one short decade, brought over 225 million people into the family of free nations.

Freedom, we see, is contagious, and the force of your example has inspired a continent. When I first became President a little over 4 years ago, the map of our hemisphere was shadowed by dictatorships. But in country after country, the dictators have given way to the democratic aspirations of their people. Today, for the first time ever, the exceptions to the democratic tide in Spanish-speaking America can be counted on the fingers of one hand. They number four. Two, Paraguay and Chile, have entrenched military rule; the two others, Cuba and Nicaragua, are communist tyrannies.

Sometimes the courage and character of one man can shape the course of history. Throughout the last decade, King Juan Carlos has set a moral example to this country and to the world, and in the storm of events, he has been like an anchor holding fast to the principles of democracy and freedom.

Your Majesty, you are a true representative of the democratic aspirations of the Spanish people. All true democrats, all freedom-loving people everywhere salute you.

We salute, too, the remarkable achievement of the people of this land. Any visitor here can see that freedom is flourishing. For democracy to succeed, its roots must grow deep and wide. This means social cooperation, national unity, and a willingness to share power—in short, *convivencia*—a wonderful word to describe the culture of democracy.

Spain's proud achievements rank among the foremost contributions to Western civilization. But for too long this great nation was excluded from the community of Western democracies, and we were all diminished by your absence. Now Spain is an important partner in the free alliance of European democracies, the North Atlantic Treaty Organization that has protected our liberties and kept the peace for almost 40 years—the longest period of peace Europe has known since the Roman Empire. And we need Spain.

The Global Economy

Soon Spain will take its rightful place as a full member in the European Community (EC), the largest free economic union in the world—larger even than that other economic union and free trade zone, the United States. Your accession into the European Community will create opportunities for both our countries, and we have consistently backed and applauded Spanish and Portuguese membership in the EC.

Today, we've come to understand that all the nations of the Earth are part of one global economy, our economic fates interwoven in a tapestry of a million connecting threads. We understand that we break those ties only at our peril, for if too many of them are severed, our prosperity will begin to unravel.

I am old enough to remember the dark days of the Great Depression when shortsighted national interest and beggar-thy-neighbor economic policies ended up turning us all into beggars and plunged the world into a totalitarian nightmare from which we did not escape until the end of a long and bloody world war.

With that lesson fresh in their minds, the leaders of democratic Europe, the United States, and other free nations met after World War II and agreed to demolish the trade barriers that had done so much evil. Their agreement, called the General Agreement on

Tariffs and Trade, knocked tariff barriers down to their lowest level in modern history and contributed to an unrivaled period of world economic expansion that helped to rebuild the war-ravaged European Continent and gave the free nations a standard of living that would once have been thought unattainable.

Trade continues to fuel the global economy today. Over one-quarter of the world's output is traded internationally, more than twice as much as in 1970. But these gains are increasingly threatened by demands for protectionism. Protectionism is the wrong word. We should call it by its real name, "destructionism." We will continue to resist these destructive pressures. But to succeed, all our governments must cooperate. The nations at the Bonn economic summit took an important step forward in calling for another round of trade negotiations. Soon we will realize that in a global economy all markets are common markets and that we will advance most quickly down the road of progress when we walk together.

Let's also keep in mind the enormous contribution made by the free movement of capital and respect for property rights. Spain has been attracting an increasing amount of foreign investment, reflecting a growing confidence in Spain's economic future and the stability of her institutions—a confidence I fully share.

Like the global economy, our national economies benefit from freedom and suffer in its absence. The 1950s and 1960s were boom years for the West, and Europe achieved an unprecedented level of prosperity. But come the 1970s, the secret seemed to have been lost throughout the Western industrialized nations. Growth sputtered and almost died out. Inflation raged out of control. More and more people lost their jobs. Innovation and productivity lagged. Instead of building the future, we seemed to be slipping remorselessly back into the past.

As pessimism replaced progress, voices were raised saying that our decline was inevitable. Our world, they said, was rapidly running out of resources, and we must rely on government to distribute fairly our dwindling economic wealth. People began to lose faith in freedom, and it became fashionable to talk of a convergence between the free, democratic countries and the totalitarian dictatorships.

I know that Spain had its own share of these problems. Moreover, you had to face them while confronting the demands of your historic transition to

democracy. You have a starkly descriptive word for the human costs of economic malaise: *paro* [unemployment].

Government Control and Economic Recovery

Every nation is different, and solutions must take those differences into account. But I believe strongly that there are certain basic principles which, applied wisely, can benefit all. From your introduction, Mr. Boada [president of the Association for the Progress of Management (APD)], I would guess that these principles enjoy widespread support among members of the APD. That is one of the reasons that I am particularly pleased to be here.

In the United States, we rejected pessimism. We came to believe that government was more the problem than the solution, that the massive growth of government spending was weighing down the private sector and that huge increases in taxes and regulations were stifling individual initiative and destroying opportunity for our people. In our country, we've always held it as an article of faith that freedom works, and I came into office determined to give freedom a chance.

So, in the United States, we began by cutting taxes, bringing the top rate down dramatically and lowering tax rates across the board by about nearly one-quarter. By reducing unnecessary regulations, we limited the role of government and set enterprise free, without endangering the essential protections that a compassionate society must provide.

Many economists schooled in the old policies of government control predicted disaster. Instead, as the recovery took hold, inflation and interest rates dropped, new businesses began incorporating at the astounding rate of over 600,000 a year, and employment took off—up about 8 million new jobs. And in 1984 we enjoyed the strongest economic growth in three decades.

We've decided that freedom works so well in creating jobs and opportunity for the American people that we want even more of it. When I return to the United States, I will be presenting a historic tax reform proposal to our legislature that will not only cut tax rates even further but make them less "progressive." We believe that there's nothing progressive about tax rates that discourage people from climbing up the ladder of success.

Some point to our budget deficits as the source of our economic expansion. But if that were true, why did a decade

of deficit spending in the 1970s fail to revitalize our lagging economy? The fact is that many of the Western industrialized nations have larger deficits as a percentage of their gross national product than the United States, and yet their recoveries have been sluggish. Deficits slow growth; they don't create it. And we're committed to a program that will cut government overspending and bring our budget into balance by the end of the decade. But at the same time, we found that the greatest barriers to risk-taking, investment, and a strong, growing economy are steep, progressive tax rates.

Our experience has shown us that government alone cannot stimulate economic progress, but it can set it free. The Western developed nations have led the world in creating a higher standard of living for their citizens through the growth of personal freedom—the same freedom that is the soul of human happiness and spiritual fulfillment.

Nevertheless, some governments try to control their economies. They've taken over many industries and subsidized others; they've subsidized exports and protected themselves against imports; they've sent their immigrants home in order to relieve unemployment; and they've passed strict job laws that restrict the movement of labor. But as controls multiplied, investment lagged, growth slowed, and employment declined.

The one measure not taken is the one that has proven, time and time again, to be most effective: cutting marginal personal income tax rates. The historical record is clear: tax cuts work. Germany lifted itself out of the ashes of World War II in the late 1940s when Ludwig Erhard reduced that country's tax rates. Starting in 1950, over 20 years of tax cutting did the same for the Japanese, catapulting them out of underdevelopment and into the front ranks of world economic powers. Between 1973 and 1975, Austria gave itself the largest tax cut in recent European history, making her economy more vibrant among democratic-socialist nations.

In my own country, we have had three major rounds of tax cuts—in the 1920s, the 1960s, and the 1980s—setting off three of the most prosperous periods in our history. Each time, critics said we were giving huge breaks to the wealthy at the expense of the poor; but each time, after taxes were cut, the wealthy ended up paying a larger share of the total tax burden, as lower rates attracted more money into productive investment instead of into sterile areas of tax avoidance.

Tax cuts, a boon to the industrialized countries, are a necessity to the nations of the Third World, where tax rates often rise faster, higher, and steeper, blocking economic growth and locking them into underdevelopment. Throughout Africa and Latin America, we see that, where markets are relatively free and tax rates are lower, there is a faster rise in the people's standard of living. And in Asia, economic freedom has really taken hold, fueling the meteoric rise of the Pacific Basin nations, boosting the ASEAN [Association of South East Asian Nations] countries, and even giving communist China a helpful push toward prosperity. Soon we may see an economic revolution in India, where Rajiv Gandhi is reducing regulations, lowering tariffs, and slashing taxes.

A New Generation of Entrepreneurs

In our country, a whole new generation of entrepreneurs has emerged. Men and women with new ideas and the tenacity to make them happen have sparked a renaissance of innovation, making new breakthroughs every day in such 21st-century technologies as bioengineering, microchips, and fiber optics.

It's been individuals—small businessmen and entrepreneurs—who have fueled America's economic boom. It is estimated that 7 out of 10 of all of our new jobs have come from small, new, and growing firms. One of the largest, most successful personal computer firms in America was started by two college students in the garage behind their house.

That's one reason why we believe special tax breaks and subsidies for existing big businesses won't do the trick. Many nations have lower corporate taxes and much more generous investment credits and tax writeoffs for business than we do in America. But the most fertile and rapidly growing sector of any economy is that part that exists right now only as a dream in someone's head or an inspiration in his or her heart. No one can ever predict where change will come from or foresee the industries of the future; no government would ever target those two young men working through the night, making dreams come true in their garage.

If we put our trust in "experts" and rely on their knowledge to shape our destiny, then we condemn ourselves to live in the past—for how can they be experts in what hasn't been invented yet, what doesn't yet exist? In 1899, the head of the U.S. Patent Bureau advised our then President to abolish that office

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because, he said, "Everything that can be invented has been invented." Well, at one point, Thomas Watson, the man behind IBM, which is today one of the largest manufacturers of computers in the world, is reported to have said: "I think there is a world market for about five computers."

Well, 500 years ago, there lived a man who didn't believe in the accepted wisdom. His stubborn adherence to his vision made him an exile from his own land and brought him seeking financial backing to Spain. George Santayana, a son of Spain, wrote a poem about him:

Columbus found a world, and
had no chart,
Save one that faith deciphered
in the skies;
To trust the soul's invincible surmise
Was all his science and his only art.

Christopher Columbus was one of the original entrepreneurs. Like many who would come after him, he didn't discover what he had set out to find, but his discovery quite literally changed the shape of the known world, turned it upside down, and began a whole new chapter in the history of man.

In the 1970s, some said we had reached "the limits to growth." But we decided they were telling us the Earth was flat when it really is round. We decided to discover a new world not subject to such pessimistic constraints—a new world of hope and opportunity where our tomorrows are as limitless as the horizon.

A half-millennium after Columbus, wouldn't this be the best way to celebrate—for the people of the New and the Old Worlds to join with each other on a new voyage of exploration and discovery and, together, stake our claim on the future.

Remarks, May 7, 1985⁶

The United States and Spain have long been friends and close allies. Our discussions today demonstrated a broad degree of agreement on the kind of world that our two democracies want to help bring about. Where there were differences, I think we both profited from the particular perspectives that we bring to the challenges we face.

Spain is making an important contribution to Western security through NATO and our bilateral agreement. We appreciate Spain's support for our efforts to negotiate deep reductions in of-

fensive nuclear arsenals. And we agree on the pressing need to strengthen peace and security in Europe and throughout the world.

I expressed my congratulations to President González for the successful conclusion of the negotiations on Spain's entry into the European Community. I know that Spain has worked hard for years to achieve this goal, and we have supported you throughout.

We noted that further efforts are needed to strengthen peace, democracy, and economic progress in Central and South America. And I know this is a region of special interest to Spain as it is to the United States.

And I also expressed to the President, and want to emphasize again to the Spanish people, how deeply the people of the United States admire what Spain has accomplished in one short decade.

Mr. President, Spain's example has made spirits soar everywhere that people strive for democracy. Many nations, especially in Latin America, are following your lead.

So, it's an honor to be here, to benefit from your views and to give you and all Spaniards the very deepest wishes of the people of the United States for continued success.



President Reagan with President Gonzalez.

Dinner Toast, May 7, 1985⁷

Your Majesties, 1985 is a year laden with anniversaries of great historical significance. It was 500 years ago that Christopher Columbus and his son Diego came to Spain seeking support for a voyage of exploration. Much will be said about this as we prepare to celebrate 7 years from now, the quincentennial discovery of the Americas. Yet it's not so much the voyage but rather the decision to make the voyage that we should commemorate.

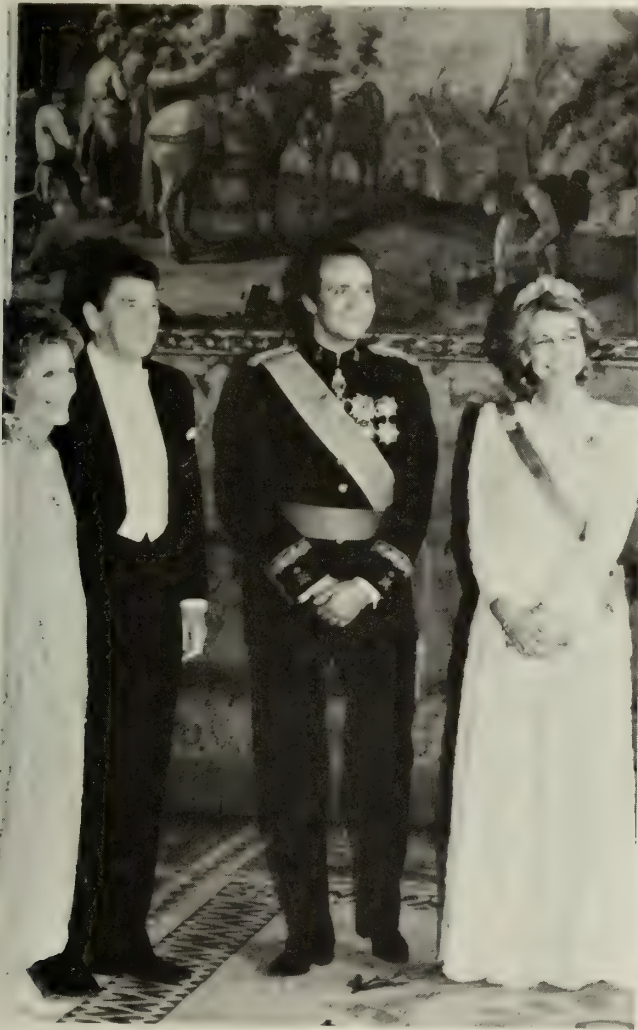
The skills of the captains and sailors of—although vital to success, were less significant than the genius of Columbus and the vision of Queen Isabella. Though besieged with serious challenges, the Spanish throne overcame the doubters and cynics and thus opened a golden age for Spain and a new chapter in human history.

It gives me great pleasure to be with you this evening to applaud another decision of courage and vision, the decision to chart for Spain a course to democracy. The Spanish Crown played a significant role in this historic turning point as well. Your dedication and ideals, Your Majesties, have earned the respect and gratitude of freedom-loving peoples everywhere.

And since your national journey to freedom began, talented leaders have emerged, and the Spanish people have nobly risen to this occasion. Your Majesty, we know that the President and the other leaders of Spain in and out of government have brought Spain peacefully and, yes, gracefully into the family of democratic nations. The American people admire you, and they admire your great achievements. Having been a republic for 200 years we Americans know full well that the road of freedom is not always easy, yet there is every reason to be optimistic. As Sancho proclaimed in Cervantes' "Don Quixote," "A stout heart breaks bad luck." After seeing your nation make dramatic and fundamental change, remaining ever true to the humane values at the core of representative government, no one can doubt that Spain indeed has a stout heart and that because of it your luck will be good.

Because of the efforts of your generation, Spain is no longer isolated on the Iberia Peninsula but is now a vital and growing influence among the free nations of the world. New doors of opportunity are opening, especially in the area of trade and international investment. During these last 40 years,

(White House photo by Mary Anne Fackelman)



(White House photo by Mary Anne Fackelman)

President and Mrs. Reagan with King Juan Carlos I and Queen Sofia.

the Western nations have enjoyed tremendous benefit from a relatively free and open trading system. That's why I'm pleased to see Spain becoming a full partner in the European Community, moving to further open the door of economic cooperation with other free countries.

Your Majesty, we would like to work with Spain to keep international trade open and fair. America believes in free people, free markets, and free trade. Increasing the level of exchange between countries serves the interest of all.

Trade and investment create a healthy interdependence between free peoples and expand opportunity and unleash new potential. The benefits of trade have been particularly clear as we've seen a vigorous American economy help serve as an engine for progress, pulling the economies of Europe into better times.

Of course, ultimately, whether a country prospers will depend on its domestic policies. Each nation must follow its own path, but I hope the progress that we've made in the United States might encourage others. Instead of trying to redistribute existing wealth, we've tried to produce more. Instead of imposing more controls and regulations, we've sought to free our peoples' entrepreneurial spirit. Instead of channeling more of our resources into bureaucracy, we've sought to expand private investment.

The result has been solid growth and low inflation. Almost 8 million new jobs have been created in the United States in the last 2 years.

Your Majesties, the United States has much for which to be grateful to Spain. Our Southwest was settled by pioneers from your country, and a rich Hispanic heritage is still part of our way of life in my adopted home State of

California. Today, as Spain takes its place with the democratic nations, I predict the relationship between our peoples will grow and bear fruit as never before.

One of the reasons for my visit to the European Continent is to commemorate the end of the Second World War, that monstrous conflagration that engulfed much of the world. It would be easy to talk in times like this of the heroism of battle and the sacrifice of those who died. Well, instead, I've tried to mark this as an anniversary of the beginning of 40 years of peace. For free people, peace is the most precious possession, second only to the preservation of their own liberty. Peace magnifies the joys and meaning of life; it permits the resources of a country to be directed to those productive endeavors that add to well-being and happiness. Everyone is better off when the blessings of peace are enjoyed by a free people. As Cervantes said, "When God sends the dawn, He sends it for all."

But peace doesn't happen on its own. All free people share the responsibility of maturing it, nurturing it, investing in it, taking careful thought, and doing what is necessary to preserve it.

As is fitting, the choice about Spain's contribution to Western security is wholly in Spain's hands. Your decision will be respected. I would say only that the people of the United States would be proud to have the people of Spain continue to stand beside us and the other members of the alliance in our collective, noble effort to preserve the peace and protect human liberty. We believe the peace can and will be preserved by the collective strength of the Western democracies. And if we're strong, we need not be afraid to negotiate with any potential adversary.

The United States is now engaged in arms talks in Geneva. We're seeking not just arms control, but an actual reduction in the level of nuclear arsenals. I'm pleased to note that Spain is part of the Western efforts in Stockholm to negotiate a lessening of the tensions between East and West.

The United States is also moving forward on a research project that could use new technologies to diminish the threat of nuclear missiles and lead mankind into a happier and safer time. Our Strategic Defense Initiative is aimed at finding new means for deterring war. It's not based on the threat of nuclear retaliation, but on the contribution of a non-nuclear defense system that would be capable of destroying missiles and incapable of threatening people. By making missiles less of a threat, we hope to

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make them easier to give up and thus make arms reduction agreements more likely.

Ortega y Gasset once wrote, "Nations are formed and are kept alive by the fact that they have a program for tomorrow." Well, the program for the future of the Western democracies is peace, progress, and freedom.

Today Spain is moving forward in a voyage of freedom and democracy, every bit as courageous as that of Columbus. Spain can be confident of the outcome because the future is on the side of the free. Things that are today beyond the imagination of dictators and tyrants will be conceived of and made reality by free men and women. This we can count on. It is when people can speak and pray, work for themselves, live without fear of repression that the most potent force on this planet is energized—the genius and power of free people under God.

Your Majesties, today let us be grateful for that love of liberty deeply rooted in the soul of our people. Yes, its fire will light the way to a future more glorious than the golden age of yesterday. We're building a new world of peace, progress, and freedom.

And I now ask all of you to join me in a toast to His Majesty the King and to the people of Spain, all champions of democracy.

FRANCE

Strasbourg, European Parliament, May 8, 1985⁸

We mark today the anniversary of the liberation of Europe from tyrants who had seized this Continent and plunged it into a terrible war. Forty years ago today, the guns were stilled and peace began, a peace that has become the longest of this century.

On this day 40 years ago, they swarmed onto the boulevards of Paris, rallied under the *Arc de Triomphe*, and sang the *Marseillaise*. They were out there in the open and free air. And now on this day 40 years ago, Winston Churchill walked out onto a balcony in Whitehall and said to the people of Britain, "This is your victory." And the crowd yelled back, in an unforgettable moment of love and gratitude, "No—it is yours." Londoners tore the blackout cur-

tains from their windows, put floodlights on the great symbols of English history. And for the first time in nearly 6 years, Big Ben, Buckingham Palace, and St. Paul's Cathedral were illuminated against the sky.

Across the ocean, a half a million New Yorkers flooded Times Square and laughed and posed for the cameras. In Washington, our new President, Harry Truman, called reporters into his office and said, "The flags of freedom fly all over Europe."

On that day 40 years ago, I was at my post in an Army Air Corps installation in Culver City, California. Passing a radio, I heard the words, "Ladies and gentlemen, the war in Europe is over." I felt a chill, as if a gust of cold wind had just swept past, and even though for America there was still a war in the Pacific front, I realized I would never forget that moment.

This day can't help but be emotional, for in it we feel the long tug of memory. We're reminded of shared joy and shared pain. A few weeks ago in California, an old soldier with tears in his eyes said, "It was such a different world then. It's almost impossible to describe it to someone who wasn't there. But when they finally turned the lights on in the cities again, it was like being reborn."

If it is hard to communicate the happiness of those days, it is even harder to communicate, to those who did not share it, the depth of Europe's agony. So much of it lay in ruins. Whole cities had been destroyed. Children played in the rubble and begged for food.

And by this day 40 years ago, over 40 million lay dead, and the survivors—they composed a continent of victims. And to this day we wonder: how did this happen? How did civilization take such a terrible turn? After all the books and documentaries, after all the histories and studies, we still wonder: how?

Hannah Arendt spoke of the "banality of evil"—the banality of the little men who did the terrible deeds. We know they were totalitarians who used the state, which they had elevated to the level of a god, to inflict war on peaceful nations and genocide on innocent peoples. We know of the existence of evil in the human heart, and we know that in Nazi Germany that evil was institutionalized, given power and direction by the state and those who did its bidding. We also know that early attempts to placate the totalitarians did not save us from war. They didn't save us from war, in fact, they guaranteed war. There are lessons to be learned in this and never forgotten.

But there is a lesson, too, in another thing we saw in those days; perhaps we can call it the "commonness of virtue." The common men and women who somehow dug greatness from within their souls, the people who sang to the children during the blitz, who joined the resistance and said "no" to tyranny, the people who had the courage—who had the courage to hide and save the Jews and the dissidents—the people who became for a moment the repositories of all the courage of the West, from a child named Anne Frank to a hero named Raoul Wallenberg. These names shine. They give us heart forever. The glow of their memories lit Europe in her darkest days.

Who can forget the hard days after the war? We can't help but look back and think life was so vivid then. There was the sense of purpose, the joy of shared effort, and, later, the impossible joy of our triumph. Those were the days when the West rolled up its sleeves and repaired the damage that had been done, the days when Europe rose in glory from the ruins. Old enemies were reconciled with the European family. Together, America and Western Europe created and put into place the Marshall Plan to rebuild from the rubble. And together we created an Atlantic alliance, which proceeded not from transient interests of state but from shared ideals. Together we created the North Atlantic Treaty Organization, a partnership aimed at seeing that the kind of tyrants that had tormented Europe would never torment her again.

NATO was a triumph of organization and effort, but it was also something very new and very different. For NATO derived its strength directly from the moral values of the people it represented, from their high ideals, their love of liberty, and their commitment to peace. But perhaps the greatest triumph of all was not in the realm of a sound defense or material achievement. No, the greatest triumph after the war is that in spite of all of the chaos, poverty, sickness, and misfortune that plagued this Continent, the people of Western Europe resisted the call of new tyrants and the lure of their seductive ideologies. Your nations did not become the breeding ground for new extremist philosophies. You resisted the totalitarian temptation. Your people embraced democracy, the dream the fascists could not kill. They chose freedom.

And today we celebrate the leaders who led the way—Churchill and Monnet, Adenauer and Schuman, De Gasperi and Spaak, Truman and Marshall. And we

celebrate, too, the free political parties that contributed their share of greatness—the Liberals and the Christian Democrats, the Social Democrats and Labour and the Conservatives. Together they tugged at the same oar, and the great and mighty ship of Europe moved on.

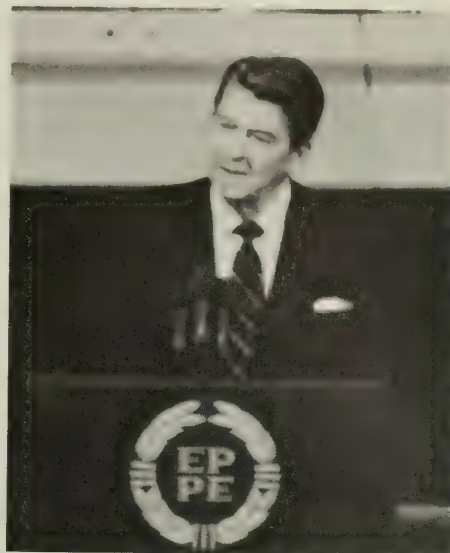
If any doubt their success, let them look at you. In this room are those who fought on opposite sides 40 years ago, and their sons and daughters. Now you work together to lead Europe democratically, you buried animosity and hatred in the rubble. There is no greater testament to reconciliation and to the peaceful unity of Europe than the men and women in this chamber.

Postwar Europe

In the decades after the war, Europe knew great growth and power, amazing vitality in every area of life, from fine arts to fashion, from manufacturing to science to the world of ideas. Europe was robust and alive, and none of this was an accident. It was the natural result of freedom, the natural fruit of the democratic ideal. We in America look at Europe and called her what she was—an economic miracle.

And we could hardly be surprised. When we Americans think about our European heritage, we tend to think of your cultural influences and the rich ethnic heritage you gave us. But the industrial revolution that transformed the American economy came from Europe. The guiding intellectual lights of our democratic system—Locke, Montesquieu, and Adam Smith—came from Europe. And the geniuses who ushered in the modern industrial-technological age came from—well, I think you know, but two examples will suffice. Alexander Graham Bell, whose great invention maddens every American parent whose child insists on phoning his European pen pal rather than writing to him—and he was a Scotsman. And Guglielmo Marconi, who invented the radio—thereby providing a living for a young man from Dixon, Illinois, who later went into politics. I guess I should explain—that's me. Blame Marconi. And Marconi, as you know, was born in Italy.

Tomorrow will mark the 35th anniversary of the Schuman Plan, which led to the European Coal and Steel Community, the first block in the creation of a united Europe. The purpose was to tie French and German and European industrial production so tightly together that war between them "becomes not merely unthinkable, but materially im-



(White House photo by Terry Arthur)

possible." Those are the words of Robert Schuman; the coal and steel community was the child of his genius. I believe if he were here today, I believe he would say: we have only just begun!

I'm here to tell you that America remains, as she was 40 years ago, dedicated to the unity of Europe. We continue to see a strong and unified Europe not as a rival but as an even stronger partner. Indeed, John F. Kennedy, in his ringing "Declaration of Interdependence" in the Freedom Bell city of Philadelphia 23 years ago, explicitly made this objective a key tenet of postwar American policy; that policy saw the New World and the Old as twin pillars of a larger democratic community. We Americans still see European unity as a vital force in that historic process. We favor the expansion of the European Community; we welcome the entrance of Spain and Portugal into that Community—for their presence makes for a stronger Europe, and a stronger Europe is a stronger West.

Yet despite Europe's economic miracle which brought so much prosperity to so many, despite the visionary ideas of the European leaders, despite the enlargement of democracy's frontiers within the European community itself, I'm told that a more doubting mood is upon Europe today. I hear words like "Europessimism" and "Euro-paralysis." I'm told that Europe seems to have lost that sense of confidence that dominated that postwar era. Well, if there is something of a lost quality these days, is it connected to the fact that some in the past few years have begun to question the ideals and philosophies that have guided the West for cen-

turies; that some have even come to question the moral and intellectual worth of the West?

I wish to speak, in part, to that questioning today. And there is no better place to do it than Strasbourg—where Goethe studied, where Pasteur taught, where Hugo knew inspiration. This has been a lucky city for questioning and finding valid answers. It is also a city for which some of us feel a very sweet affection. You know that our Statue of Liberty was a gift from France, and its sculptor, Auguste Bartholdi, was a son of France. I don't know if you've ever studied the face of the statue, but immigrants entering New York Harbor used to strain to see it, as if it would tell them something about their new world. It's a strong, kind face. It is the face of Bartholdi's mother, a woman of Alsace. And so, among the many things we Americans thank you for, we thank you for her.

The Statue of Liberty—made in Europe, erected in America—helps remind us not only of past ties but present realities. It is to those realities we must look in order to dispel whatever doubts may exist about the course of history and the place of free men and women within it. We live in a complex, dangerous, divided world; yet a world which can provide all of the good things we require—spiritual and material—if we but have the confidence and courage to face history's challenge.

Preserving Peace

We in the West have much to be thankful for—peace, prosperity, and freedom. If we are to preserve these for our children and for theirs, today's leaders must demonstrate the same resolve and sense of vision which inspired Churchill, Adenauer, De Gasperi, and Schuman. The challenge was to rebuild a democratic Europe under the shadow of Soviet power. Our task, in some ways even more daunting, is to keep the peace with an ever more powerful Soviet Union, to introduce greater stability in our relationship with it, and to live together in a world in which our values can prosper.

The leaders and people of postwar Europe had learned the lessons of their history from the failures of their predecessors. They learned that aggression feeds on appeasement and that weakness itself can be provocative. We, for our part, can learn from the success of our predecessors. We know that both conflict and aggression can be deterred, that democratic nations are capable of

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the resolve, the sacrifices, and the consistency of policy needed to sustain such deterrence.

From the creation of NATO in 1949 through the early 1970s, Soviet aggression was effectively deterred. The strength of Western economies, the vitality of our societies, the wisdom of our diplomacy all contributed to Soviet restraint; but certainly the decisive factor must have been the countervailing power—ultimately, military, and above all, nuclear power—which the West was capable of bringing to bear in the defense of its interests.

It was in the early 1970s that the United States lost that superiority over the Soviet Union in strategic nuclear weapons, which had characterized the postwar era. In Europe, the effect of this loss was not quickly perceptible, but seen globally, Soviet conduct changed markedly and dangerously; first in Angola in 1975, then, when the West failed to respond, in Ethiopia, in South Yemen, in Kampuchea, and ultimately in Afghanistan, the Soviet Union began courting more risks and expanding its influence—expanding its influence through the indirect and direct application of military power. Today, we see similar Soviet efforts to profit from and stimulate regional conflicts in Central America.

The ineffectual Western response to Soviet adventurism of the late 1970s had many roots, not least the crisis of self-confidence within the American body politic wrought by the Vietnam experience. But just as Soviet decisionmaking in the earlier postwar era had taken place against a background of overwhelming American strategic power, so the decisions of the late 1970s were taken in Moscow, as in Washington and throughout Europe, against a background of growing Soviet and stagnating Western nuclear strength.

One might draw the conclusion from these events that the West should reassert that nuclear superiority over the Soviet Union upon which our security and our strategy rested through the postwar era. That is not my view. We cannot and should not seek to build our peace and freedom perpetually upon the basis of expanding nuclear arsenals.

In the short run, we have no alternative but to compete with the Soviet Union in this field, not in the pursuit of superiority but merely of balance. It is thus essential that the United States maintain a modern and survivable nuclear capability in each leg of the strategic triad—sea, land, and air-based. It is similarly important that France and



President Reagan and Pierre Pflimlin, President of the European Parliament (right) in Strasbourg; Chief of Staff Donald Regan is in center.

Britain maintain and modernize their independent strategic capabilities.

Now, the Soviet Union, however, does not share our view of what constitutes a stable nuclear balance. It has chosen instead to build nuclear forces clearly designed to strike first and thus disarm their adversary. The Soviet Union is now moving toward deployment of new mobile MIRVed [multiple independently-targetable reentry vehicle] missiles which have these capabilities, plus the potential to avoid detection, monitoring, or arms control verification. In doing this, the Soviet Union is undermining stability and the basis for mutual deterrence.

One can imagine several possible responses to the continued Soviet buildup of nuclear forces. On the one hand, we can ask the Soviet Union to reduce its offensive systems through equitable, verifiable arms control measures. We are pressing that case in Geneva. Thus far, however, we've heard nothing new from the other side.

A second possibility would be for the West to step up our current modernization effort to keep up with constantly accelerating Soviet deployments—not to regain superiority but merely to keep up with Soviet deployments. But is this really an acceptable alternative? Even if this course could be sustained by the West, it would produce a less stable strategic balance than the one we have

today. Must we accept an endless process of nuclear arms competition? I don't think so. We need a better guarantee of peace than that.

And fortunately, there is a third possibility. It is to offset the continued Soviet offensive buildup in destabilizing weapons by developing defenses against these weapons. In 1983, I launched a new research program—the Strategic Defense Initiative.

The state of modern technology may soon make possible, for the first time, the ability to use non-nuclear systems to defeat ballistic missiles. The Soviets themselves have long recognized the value of defensive systems and have invested heavily in them. Indeed, they have spent as much on defensive systems as they have on offensive systems for more than 20 years.

Now, this research program will take time. As we proceed with it, we will remain within existing treaty constraints. We will also consult in the closest possible fashion with our allies. And when the time for decisions on the possible production and deployment of such systems comes, we must and will discuss and negotiate these issues with the Soviet Union.

Both for the short and the long term, I'm confident that the West can maintain effective military deterrence. But surely we can aspire to more than maintaining a state of highly armed truce in international politics.

During the 1970s we went to great lengths to restrain unilaterally our strategic weapons programs out of the conviction that the Soviet Union would adhere to certain rules in its conduct—rules such as neither side seeking to gain unilateral advantage at the expense of the other. Those efforts of the early 1970s resulted in some improvements in Europe, the Berlin Quadripartite Agreement being the best example. But the hopes for a broader and lasting moderation of the East-West competition foundered in Angola, Ethiopia, Afghanistan, and Nicaragua.

The question before us today is whether we have learned from those mistakes and can we undertake a stable and peaceful relationship with the Soviet Union based upon effective deterrence and the reduction of tensions. I believe we can. I believe we've learned that fruitful cooperation with the Soviet Union must be accompanied by successful competition in areas, particularly Third World areas, where the Soviets are not yet prepared to act with restraint.

U.S. Policy Toward the Soviet Union

But let me talk about the reflections which have molded our policy toward the Soviet Union. That policy embodies the following basic elements:

- While we maintain deterrence to preserve the peace, the United States will make a steady, sustained effort to reduce tensions and solve problems in its relations with the Soviet Union.
- The United States is prepared to conclude fair, equitable, verifiable agreements for arms reduction, above all, with regard to offensive nuclear weapons.
- The United States will insist upon compliance with past agreements, both for their own sake and to strengthen confidence in the possibility of future accords.
- The United States seeks no unilateral advantages, and, of course, can accept none on the Soviet side. The United States will proceed in full consultation with its allies, recognizing that our fates are intertwined and we must act in unity. The United States does not seek to undermine or change the Soviet system nor to impinge upon the security of the Soviet Union. At the same time, it will resist attempts by the Soviet Union to use or threaten force against others or to impose its system on others by force.

Ultimately, I hope the leaders of the Soviet Union will come to understand that they have nothing to gain from attempts to achieve military superiority or to spread their dominance by force but have much to gain from joining the West in mutual arms reduction and expanding cooperation.

I have directed the Secretary of State to engage with the Soviet Union on an extended agenda of problem solving. Yet, even as we embark upon new efforts to sustain a productive dialogue with the Soviet Union, we're reminded of the obstacles posed by our so fundamentally different concepts of humanity, of human rights, of the value of human life. The murder of Major Nicholson by a Soviet soldier in East Germany and the Soviet Union's refusal to accept responsibility for this act is only the latest reminder.

If we're to succeed in reducing East-West tensions, we must find means to ensure against the arbitrary use of lethal force in the future—whether against individuals like Major Nicholson or against groups such as the passengers on a jumbo jet.

It is for that reason that I would like to outline for you today what I believe would be a useful way to proceed. I propose that the United States and the Soviet Union take four practical steps.

First, that our two countries make a regular practice of exchanging military observers at military exercises and locations. We now follow this practice with many other nations to the equal benefit of all parties.

Second, as I believe it is desirable for the leaders of the United States and Soviet Union to meet and tackle problems, I am also convinced that the military leaders of our nations could benefit from more contact. I, therefore, propose that we institute regular, high-level contacts between Soviet and American military leaders, to develop better understanding and to prevent potential tragedies from occurring.

Third, I urge that the Conference on Disarmament in Europe act promptly and agree on the concrete confidence-building measures proposed by the NATO countries. The United States is prepared to discuss the Soviet proposal on non-use of force in the context of Soviet agreement to concrete confidence-building measures.

Fourth, I believe a permanent military-to-military communications link could serve a useful purpose in this important area of our relationship. It could

be the channel for exchanging notifications and other information regarding routine military activities, thereby reducing the chances of misunderstanding and misinterpretation. And, over time, it might evolve into a "risk-reduction" mechanism for rapid communication and exchange of data in times of crisis.

These proposals are not cure-alls for our current problems. They will not compensate for the deaths which have occurred. But as terrible as past events have been, it would be more tragic if we were to make no attempt to prevent even larger tragedies from occurring through lack of contact and communication.

Western Unity and Support for Democracy

We in the West have much to do—and we must do it together. We must remain unified in the face of attempts to divide us and strong in spite of attempts to weaken us. And we must remember that our unity and strength are not a mere impulse of like-minded allies but the natural result of our shared love for liberty.

Surely, we have no illusions that convergence of the communist system and the free societies of the West is likely. We're in for an extended period of competition of ideas. It is up to us in the West to answer whether or not we will make available the resources, ideas, and assistance necessary to compete with the Soviet Union in the Third World. We have much in our favor, not least the experience of those states which have tried Marxism and are looking for an alternative.

We do not aspire to impose our system on anyone, nor do we have pat answers for all the world's ills. But our ideals of freedom and democracy and our economic systems have proven their ability to meet the needs of our people. Our adversaries can offer their people only economic stagnation and the corrupt hand of a state and party bureaucracy which ultimately satisfies neither material nor spiritual needs.

I want to reaffirm to the people of Europe the constancy of the American purpose. We were at your side through two great wars; we have been at your side through 40 years of a sometimes painful peace. We're at your side today because, like you, we have not veered from the ideals of the West—the ideals of freedom, liberty, and peace. Let no one—no one—doubt our purpose.

THE PRESIDENT

The United States is committed not only to the security of Europe; we're committed to the re-creation of a larger and more genuinely European Europe. The United States is committed not only to a partnership with Europe; the United States is committed to an end to the artificial division of Europe.

We do not deny any nation's legitimate interest in security. We share the basic aspirations of all of the peoples of Europe—freedom, prosperity, and peace. But when families are divided and people are not allowed to maintain normal human and cultural contacts, this creates international tension. Only in a system in which all feel secure and sovereign can there be a lasting and secure peace.

For this reason, we will support and will encourage movement toward the social, humanitarian, and democratic ideals shared in Europe. The issue is not one of state boundaries but of ensuring the right of all nations to conduct their affairs as their peoples desire. The problem of a divided Europe, like others, must be solved by peaceful means. Let us rededicate ourselves to the full implementation of the Helsinki Final Act in all its aspects.

As we seek to encourage democracy, we must remember that each country must struggle for democracy within its own culture. Emerging democracies have special problems and require special help. Those nations whose democratic institutions are newly emerged and whose confidence in the process is not yet deeply rooted need our help. They should have an established community of their peers, other democratic countries to whom they can turn for support or just advice.

In my address to the British Parliament in 1982, I spoke of the need for democratic governments to spread the message of democracy throughout the world. I expressed my support for the Council of Europe's effort to bring together delegates from many nations for this purpose. I am encouraged by the product of that conference, the Strasbourg initiative.

We in our country have launched a major effort to strengthen and promote democratic ideals and institutions. Following a pattern first started in the Federal Republic of Germany, the U.S. Congress approved the National Endowment for Democracy. This organization subsequently established institutes of labor, business, and political parties dedicated to programs of cooperation with democratic forces around the world. I hope other democracies will join

in this effort and contribute their wisdom and talents to this cause.

Here in Western Europe you have created a multinational democratic community in which there is a free flow of people, of information, of goods, and of culture. West Europeans move frequently and freely in all directions, sharing and partaking of each other's ideas and culture. It is my hope that in the 21st century, which is only 15 years away, all Europeans, from Moscow to Lisbon, will be able to travel without a passport and the free flow of people and ideas will include the other half of Europe. It is my fervent wish that in the next century there will be one free Europe.

Conclusion

I do not believe those who say the people of Europe today are paralyzed and pessimistic. And I would say to those who think this: Europe, beloved Europe, you are greater than you know. You are the treasury of centuries of Western thought and Western culture. You are the father of Western ideals and the mother of Western faith. Europe, you have been the power and the glory of the West, and you are a moral success. In the horrors after World War II, you rejected totalitarianism, you rejected the lure of the new "superman" and a "new communist man." You proved that you were and are a moral triumph.

You in the West are a Europe without illusions, a Europe firmly grounded in the ideals and traditions that made her greatness, a Europe unbound and unfettered by a bankrupt ideology. You are today a new Europe on the brink of a new century—a democratic community with much to be proud of.

We have so much to do. The work ahead is not unlike the building of a great cathedral. The work is slow, complicated, and painstaking. It's passed on with pride from generation to generation. It's the work not only of leaders but of ordinary people. The cathedral evolves as it is created, with each generation adding its own vision. But the initial ideal remains constant. And the faith that drives the vision persists. The results may be slow to see, but our children and their children will trace in the air the emerging arches and spires and know the faith and dedication and love that produced them. My friends, Europe is the cathedral. And it is illuminated still.

And if you doubt your will and your spirit and your strength to stand for something, think of those people 40 years ago who wept in the rubble, who

laughed in the streets, who paraded across Europe, who cheered Churchill with love and devotion, who sang the *Marseillaise* down the boulevards. Spirit like that does not disappear. It cannot perish. It will not go. There is too much left unsung within it.

I would like to just conclude with one line, if I could, and say we've seen evidence here of your faith in democracy, in the ability of some to speak up freely, as they preferred to speak. And yet, I can't help but remind all of us that some who take advantage of that right of democracy seem unaware that if the government that they would advocate became reality, no one would have that freedom to speak up again.

PORTUGAL

Lisbon, Remarks, May 9, 1985⁹

It's a special pleasure to visit this green and beautiful country, and I am particularly delighted to have had an opportunity to review important international questions with my good friend, Mário Soares.

I fondly recall my previous meetings with him and remember so well his central role in bringing democracy to Portugal and in promoting freedom throughout the world.

This morning we had a friendly and very useful exchange of views with the Prime Minister, Vice Prime Minister Machete, and other members of the Portuguese Government. There was a feeling of sadness as well as we reflected on the sudden death of former Vice Prime Minister, Professor Mota Pinto. He was a man dedicated to the ideals of individual freedom and political democracy, and he was a champion of the Atlantic alliance.

I agree with the Prime Minister that the state of Portuguese-American relations is excellent. I am pleased by the degree of mutual respect and the spirit of cooperation which exists between our two nations and which characterized our talks today.

Portugal is a steadfast and valued ally, and I came to Lisbon knowing that I would consult not only with partners but with friends. Our meetings gave us a valuable opportunity to review our bilateral relations, both in the security field and in the economic area. We reviewed the significant steps recently



President Reagan and Prime Minister Soares.

taken toward expanding our economic cooperation and strengthening the ties between our economies. And as the Prime Minister noted, we addressed a number of international issues of mutual concern.

Our discussions were characterized by a close similarity of viewpoints. I profited greatly from hearing the views and insights of the Portuguese Government. Our talks ranged broadly both over East-West matters and Third World questions. I would note in particular the attention given to southern Africa, which reflects Portugal's special knowledge and expertise in this region, and our ongoing close consultations on the problems of the area.

I also took the opportunity to applaud Portugal's pending entry into the European Community. We have long supported Portuguese entry, and as I told Prime Minister Soares, we view the recent accord both as a major step forward for Portugal and as a contribution to European unity.

Assembly of the Republic, May 9, 1985

I'm deeply honored to be with you distinguished ladies and gentlemen here in this assembly that is so rich in history, where the voice of the Portuguese people is heard.

For us, a long journey is ending now, but one fruitful in results and rich in memory. World leaders in summit conference, the youth of modern Germany, warm welcomes at the European Parliament and in Spain—all these things we have seen and been grateful for. We have seen, too, memorials to the devastation of the past, to the memory of war, and to the cruelty of totalitarian rule. Yet we have also seen the prospering cities and nations of modern Europe and experienced the warmth of her free people. Let there be no doubt that these things, too, are monuments; monuments to the future and to the human spirit—its capacity for hope and change, its passion for peace and freedom.

And now, at last, we have the honor of coming here to Portugal, a particular-

ly fitting place for an American to make farewells as well as bring greetings. For as the history books of America's school children teach them, it was from these shores that the first maritime explorers departed, the scientists and adventurers whose skill and courage would lead some day to the discovery of a new world and a new nation.

And I hope, by the way, that you'll not think it impertinent of me to mention that anyone who's had the two careers I've had, in Hollywood and in Sacramento, the capital of California, owes the Portuguese people a special debt. It was, after all, your countryman of five centuries ago, Joao Rodrigues Cabrilho, who discovered a very long stretch along the North American coastline that came to be known as California. In fact, some in my country claim that I've been around so long that my ranch in the Santa Ynez Mountains was originally sold to me by Cabrilho himself.

But I know it's customary for presidents and statesmen to talk of your nation's great maritime discoveries, to speak of your past. And it's certainly no surprise that gazing back across time many look with wonder at a small nation in the 15th century that refused to go the way of other war-ravaged European nations—that spurned conflict and turned its talents instead to exploration, to adventuring into new realms, to daring to dream, to believe in themselves and in the future. And this vision eventually doubled the size of the known world and is rightly thought of as a signal event in human history.

So this old and glorious heritage of your country forms a distant, yet close, bond between our lands and fills any American who comes here with humble gratitude and admiration for all the achievements of your people. Although I'm not sure we would catch every allusion to Greco-Roman mythology, I do know that most Americans—not a few of them Portuguese-Americans—would share the sentiment of your epic, *The Lusads*:

Let us hear no more then of Ulysses and Aeneas and their long journeying, no more of Alexander and Trajan and their famous victories. My theme is the daring and renown of the Portuguese. . . .

Charting a New Course

But we must do more than today celebrate the daring and renown of the Portuguese past. For the events of the last decade suggest that you're once again embarked on an adventure, a great adventure that all the world is watching

White House photo by Terry Arthur

THE PRESIDENT



President Reagan addressing the Portuguese National Assembly in Lisbon.

closely. Once again, you're charting a new course, not just for Portugal, but for all others, especially those peoples of the Third World with whom your long-established ties permit you to speak with a special trust, wisdom, and candor.

In little more than a decade, your nation has moved rapidly through stages of development that illustrate the history of this century—from far-flung empire and dictatorship, to a confrontation with totalitarian ideology, to a decisive turn to democratic self-rule. While it's always hard to distinguish be-

tween the ripples of daily events and the great tides of history, I will still venture a prediction. Future historians will recognize in Portugal's journey the journey of our time, the journey of our century.

For you, the people of Portugal, have chosen freedom. You have elected to embark on a great adventure in democracy. And let me assure you today that 237 million of my countrymen and many millions more who will find in your example their own way to freedom salute your decision and celebrate again,

in the words of *The Lusíads*, your "daring and renown."

Your adventure is important to our century, a century of so much promise and so much tragedy. I must state it that starkly. I have come from seeing places that remind us of the havoc and wrong that human hatred can cause.

But here in the new Portugal and throughout Europe, we see our century's promise, a promise not just of material progress—a time when mankind's age-old enemies of hunger and disease and poverty are things of the past—but also the promise of progress in the human spirit as well. A progress toward the day when each man, woman, and child on Earth will live in freedom and have a right to a voice in their own destiny.

So in these final miles of our journey across Europe—a journey into the future as well as the past—let me tell you what I think we've discovered. Whether one regards it as revealed truth or only as a great story, we learn in Genesis of a moment when humankind lived in harmony with itself and with God. Some have said the meaning of history is found in the unfolding story of our return to such a time—a journey painfully and frequently broken by heartbreak and suffering. Well, for now, I will leave such thoughts to the theologians and the historians. But this much I do know—I've seen in these past days reminders of the tragedy and the grandeur of our time. I've heard the voice of the 20th century. It is humanity's voice, heard in every century, every time. And the words are unmistakable. They call out to us in anguish but also in hope. Let the nations live in peace among themselves. Let all peoples abide in the fellowship that God intends.

But, tragically, this great longing felt by every people in every time has not always been shared by their governments—especially those modern governments whose leaders and ideologies glorify the state and make a cult of personal power. At the end of the last World War, Europe and all the world hoped that we'd at last seen an end to conflict and armaments. It wasn't to be so. But at least we didn't repeat the mistake of an earlier time, the mistake that eventually led to world war, the mistake of believing it is enough only to wish for peace. Instead, we accepted reality. We took seriously those who threatened to end the independence of our nations and our peoples, and we did what peoples who value their freedom must do—we joined together in a great alliance. And we rearmed. But we did so only so that never again would we be

White House photo by Pete Souza

forced under the weight of our betrayed illusions to resort to violence.

No one knows better than the people of Portugal—who have with Great Britain the oldest mutual defense treaty in European history—the value of such alliances and such readiness in preventing aggression and war. And so we've labored together—Old World and New World, Europe and America, Portuguese and American. And NATO has worked. We have kept the peace for 40 years. Let us keep the peace another 40 years and another after that.

Today, Portugal's contribution to the Western alliance remains of critical importance; your geographic location is strategically vital, your armed forces are modernizing to expand their role in NATO—all of this further testimony that martial skill and a love of national independence are more than just parts of the Portuguese past.

Yet even your contributions to the alliance are superseded by the example of what you're doing now. Yes, democratic Portugal has faced political problems and social problems and economic problems; and no, democracy, particularly in its earlier years, does not always go smoothly.

But this is true of any nation, and especially any democracy. In my country, we've learned over and over again that democracy can only work when it is judged not in the short run but over the long term, when we keep in mind the principles upon which it is based and remember how right Winston Churchill was to remind us that democracy truly is the worst form of government except for all the others.

The Value of the Individual

The essential truth at the heart of Portuguese and American democracy is our belief that governments exist for the sake of the people and not the other way around. And this belief is based on an essential insight of our civilization: the dignity of man, the value of the individual. My own nation's forefathers justified our revolution with these words in the Declaration of Independence: "... all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness. . . ."

Well, it is this trust in the individual—the right to speak, to assemble, to publish, and to vote, even to walk out—that is the meaning of democracy. Our democratic governments are not built on the proposition that the people

are always right; indeed, within the structure of our governments there are safeguards against the whims or passions of the majority. But democratic government is built on the proposition that there resides in the common people an uncommon wisdom, that over the long run the people and their right to political self-expression are the best protection against freedom's oldest and most powerful enemy: the unchecked growth and abuse of the power of the state.

Now, this belief is not always easy to preserve, especially when the ship of state is buffeted by storms. There will always be those who lose faith and preach panic. You've sometimes heard their voices. But I believe that here in the nation of navigators there is a respect for the wisdom of holding fast to the course that has been charted. We know there will always be answers if we trust in the people, if we go to them, give them the facts, and rely on them to make the right decisions.

In my own country we have learned this lesson many times. No one had more right to question this belief than one of our great presidents and founders of my own political party, Abraham Lincoln. Even facing a civil war and powerful voices that told him that people could not be trusted with such momentous issues, Lincoln, with his typical backwoods wisdom, eloquently explained why over the long run democracy is the most pragmatic form of government. He said, and every American knows the words: "... you may fool all the people some of the time; you can even fool some of the people all the time; but you can't fool all of the people all of the time."

Freedom and Development

Portugal and her people are moving forward. You have handled during the past few years enormous problems, yet your democracy is strong and intact. You are embracing the free market; you are entering the Common Market; you are beginning to grow economically. You believe, as we do, that freedom works.

This democratic experience and economic development go hand in hand. History shows a strong, unbreakable link between political freedom and economic growth, between democracy and social progress. And in our own time, a great revolution is underway in the world, a great longing for personal freedom and democratic self-rule that surfaces again and again even in communist countries. At the start of this century there were only a handful of democracies, but today more than 50

countries—one-third of the world's population—are living under democratic rule.

One of the engines of this progress is the desire for economic development—the realization that it is free nations that prosper and free peoples who create better lives for themselves and their children. This realization is growing throughout the world, and in some nations it's causing conflict and disorder. In a sense, then, Marx was right: economic progress is leading to clashes with old entrenched political orders. But Marx was wrong about where all this would occur; for it is the democratic world that is flexible, vibrant, and growing—bringing its peoples higher and higher standards of living even as freedom grows and deepens. It is in the collectivist world that economies stagnate, that technology is lagging, and that the people are oppressed and unhappy with their lives.

So everywhere we turn, there is an uprising of mind and will against the old clichés of collectivism. Throughout the world the old cries of "power to the state" are being replaced by cries of "power to the people." Throughout the world we can see movement toward a time when totalitarian rule and the terrible suffering that it causes are only a sad and distant memory. That's why what you are doing in your country is so important. First at the British Parliament in 1982, and then again in Strasbourg yesterday, we have called for concerted action—for a global campaign for freedom, an international strategy for democratic development.

I can think of no more fitting place to renew that call to the world than here in Portugal, and I can think of no people better equipped to advance the cause of democratic development and human freedom than the Portuguese. Let Portugal again lead the world, and let the Portuguese again cross small seas and great ones bearing news of science and discovery, the new science of democracy, the discovery of freedom—that it works, that it prospers, and that it endures.

And I hasten to add that freedom can guarantee peace. Let us never forget that aggression and war are rarely the work of a nation's people. For it is the people who must bear the brunt and endure the worst of war. No, war and aggression in our century have almost always been the work of governments, one of the militarists and ideologues who may control them. And that's why war and aggression have a tiny constituency; let democracy spread, let the people's

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voice be heard, and the warmongers will be made outcasts and pariahs. Let us not be afraid that in our crusade for freedom to proclaim to the world that the cause of democratic government is also the cause of peace. This pursuit of peace has occupied much of our efforts on this journey and in our broader diplomatic efforts. Important negotiations are now underway in Geneva, negotiations that can lessen the chance of war by producing verifiable agreements and the first real reduction in nuclear weapons. So, too, the United States is moving forward with technological research that we hope someday will lessen the chance of war by reducing dependence on a strategy based on the threat of nuclear retaliation.

I know you share my hopes that our efforts to reach negotiated solutions will succeed. And I know, too, that you understand that working toward this goal means remaining strong in our alliance and in our resolve to protect our nations' freedom and independence. Our agreement on this point is why we can be hopeful that a century that has seen so much tragedy can also be a century of hope. In the United States and here in Portugal, in Europe and throughout the world, we have rediscovered the preciousness of freedom—its importance to the cause of peace and to restoring to humanity the dignity to which it is entitled.

This belief in human dignity suggests the final truth upon which democracy is based—a belief that human beings are not just another part of the material universe, not just mere bundles of atoms. We believe in another dimension, a spiritual side to man; we find a transcendent source for our claims to human freedom, our suggestion that inalienable rights come from One greater than ourselves.

No one has done more to remind the world of the truth of human dignity—as well as the truth that peace and justice begin with each of us—than the special man who came to Portugal a few years ago after a terrible attempt on his life. He came here to Fatima, the site of your great religious shrine, to fulfill his special devotion to Mary, to plead for forgiveness and compassion among men, to pray for peace and the recognition of human dignity throughout the world.

When I met Pope John Paul II a year ago in Alaska, I thanked him for his life and his apostolate. And I dared to suggest to him that in the example of men like himself and in the prayers of simple people everywhere—simple people like the children of Fatima—there

resides more power than in all the great armies and statesmen of the world.

This, too, is something the Portuguese can teach the world. For your nation's greatness, like that of any nation, is found in your people. It can be seen in their daily lives, in their communities and towns, and especially in those simple churches that dot your countryside and speak of a faith that justifies all of humanity's claims to dignity, to freedom.

I would suggest to you that here is power, here is the final realization of life's meaning and history's purpose. And here is the foundation for a revolutionary idea, the idea that human beings have a right to determine their own destiny.

I hope you'll forgive me if I leave you with one story about our early days as a democracy. At a critical moment in our history when disunity and discord prevailed on every side, a man celebrated as an inventor and scientist interrupted the proceedings of the Constitutional Convention, trying at the time to formulate the Constitution of the United States. It was Benjamin Franklin who rose to say to his fellow delegates that he had lived a long time and that he had learned above all that not the smallest bird falls from the heavens without the knowledge of God. It is said that he then knelt and asked the delegates to kneel with him to seek a guidance greater than their own. And from then on, every constitutional meeting opened with prayer.

A great democracy was born after those words; just as a great democracy was born in Portugal. It was born because the Portuguese are a people who love freedom and peace, who are willing to sacrifice for a better life for their children. But most of all it was born because the Portuguese are unafraid to acknowledge a higher law that operates in the affairs of mankind, that higher law dictates human freedom and dignity.

There is a word in your language that I remember using in a speech during my first year in office, a very useful word evoking the remembrance of things past—I hope I get it right: *saudades* [nostalgia]. Even in the short time Nancy I have been with you in Portugal, we've developed a deeper appreciation for that word's meaning. We shall miss you; we shall miss Portugal. And we hope someday you will permit us to return, to visit with you again and, as you say, *matar saudades* [soothe nostalgia].

Until then, on behalf of the American people, we extend our warmest wishes—we look with hope toward your

future and ours—a future we know will be one of democracy and freedom. One in which we also know the Portuguese people will write another great and inspiring chapter in history

Luncheon Toast, May 9, 1985¹⁰

The warmth of your welcome is much appreciated as is the beauty of this land. Nancy and I are especially grateful for your invitation to come here to Sintra, this green and enchanting place that Lord Byron called the "glorious Eden." We can now sense what he felt when he penned those words.

But the magnificence of Portugal is not merely found in the grandeur of landscape and scenery. Overriding the loveliness, we see the sculpture of your land as the soul and spirit of the Portuguese people. We Americans take great pride in our frontier heritage and in our love of liberty. And when it comes to pushing back frontiers and to the commitment to human freedom, our two peoples are as one family.

Five centuries ago, the Portuguese were the pathfinders who led the way to a new era in the history of mankind. Like Americans, seeking new horizons is so much a part of your national character.

Portugal's many experiences or achievements during the Age of Discovery are a great source of pride. Today you have equal reason to be proud of what you've overcome in order to ensure that future generations will continue to enjoy the fruits of democracy and freedom. It has taken enormous energy and commitment. With courage and tenacity you cast off the chains of a dictatorship, defeated those who would have subverted your cause, and have built a government based on the popular vote and a respect for human rights.

I'm pleased to have this opportunity to salute your personal courage and leadership, Mr. Prime Minister, and to applaud what you and the people of Portugal have accomplished together. I also want to extend my thanks for Portugal's continuing contribution to the Western alliance. This is even more meaningful now that you have proudly joined the ranks of the democratic nations.

The ever-more apparent failure of communism, whenever it has been tried, makes it increasingly important for the free people of the world to stand

together. John Dos Passos, an American writer who, like so many of our fellow citizens, had family roots in Portugal, wrote late in his life: "Marxism has not only failed to promote human freedom. It has failed to produce food."

History is on the side of the free because freedom is right and because freedom works. Only in democratic countries is the individual free to create and dream without fear; to profit from the product of one's labor or investment; to organize unions and cooperative efforts with likeminded peoples; to peacefully try to change what is into something totally new and different.

Under freedom, innovation and ideas are unleashed that otherwise would be smothered by oppression and control. Free people are not afraid of change. In market economies, change becomes a means of creating new wealth by meeting the needs and wants of others and by doing it cheaper and better.

We're aware of the economic challenges that you face. It wasn't that long ago when we in the United States found ourselves with similar economic difficulties. We decided to shun regulatory and redistribution schemes and, instead, put in place incentives for our people to work and produce and invest, freeing our economy to grow. Every country must find its own way, but I would hope that our experience and the success that we've enjoyed might provide encouragement for others.

We want Portugal to succeed and your people to prosper. A recent investment mission here by American firms was sponsored by our two governments. This is the type of private sector activity which serves the interests of both our peoples.

Our cooperation in educational endeavors, as we're doing in the Fulbright Program, will also reap many rewards in the future. Let us see to it that these positive steps are only the first of many. The recent establishment of the Luso-American Foundation bodes well for the relations between our governments and our peoples.

Today we are laying the foundation for the progress and freedom our children will enjoy. What we do today is for them tomorrow. They'll stand on our shoulders and we must give them strong backs so they may see well into the future. And it will be people like you Mr. Prime Minister, to whom future generations will be most grateful. You can be especially proud of your strong leadership in bringing democracy to Portugal.

So, all, please join me in a toast to Prime Minister Soares and the Portuguese people, building a future of freedom and progress.

Dinner Toast, May 9, 1985¹¹

We're delighted to be here in one of the oldest states in Europe, a country that traces her independence to 1140 and her present-day boundaries to 1249. As you noted in Washington, Mr. President [Eanes], during her eight centuries of independence, Portugal has been a major participant in the long and complex effort that created the Europe that we know today.

Still more significant, Portugal contributed to our conception of the world itself. It was your country, smaller than many others and situated on the extreme western edge of the continent, that became a keystone by which Europe was joined with Africa, Asia, and America, integrating for the first time the four corners of the Earth.

Young students in America, and I would imagine in all lands, will forever be fascinated by the dreams and skills and courage of the Portuguese, who gave the world some of the greatest adventures in human history. Portuguese ships reaching the Canary Islands as early as 1337; then, supported by Prince Henry the Navigator and John II, exploring further to the Congo, southern Africa, and around the Cape of Good Hope; and in 1499, Vasco da Gama's miraculous return from India, an epic event that stirred all Europe and formed the basis for one of the great literary works of Western civilization, the poem "The Lusiadas."

By the early 1500s your flag was flying in the Americas, and by 1542 Joao Cabrilho discovered California, and that happens to be one discovery, if I may say so, for which Nancy and I will always be particularly grateful.

In these years man's sense of the possible was expanded. The unknown world yielded to reason and daring. The known world was celebrated and adorned. It was a time of intellectual and cultural excitement, a time when the Portuguese were reaching for the new and the unexplored and when the greatness of the human spirit was given expression in greatness of deed and art.

Today, we who have studied and been so stirred by the feats of Portugal's past, see your nation setting off on an ambitious new voyage into the future. Your democracy is just a decade old.

Already, it has been threatened, but you overcame those threats. You've suffered economic disruptions and slow growth, but you're facing these problems forthrightly, and I believe you will overcome them as well. In doing so you bring honor to democratic ideals; and you are, once again, expanding the limits of the possible. Portuguese democracy is no longer a risky experiment but a solidly established fact. The spirit of daring is thriving again.

Your personal leadership in helping to shepherd the Portuguese renewal has been strong, constant, and decisive. You have defended democratic freedoms and civil liberties. You have become a symbol of your country's commitment to liberty, helping Portugal herself become an example for all the world, showing those who still thirst for freedom that totalitarianism can be rebuffed and representative government established in its place. And for all this, Mr. President, we heartily salute you.

I'm pleased that since our last meeting our two nations have strengthened the bonds that unite us. We have completed agreements on military assistance and cooperation. Portugal has created the Luso-American Foundation, which will prove an important instrument for cooperation in economic, technical, and other spheres. American banks have placed branches here in Lisbon, and recently a delegation of American business leaders visited Portugal to consider further investments in this country and joint undertakings with Portuguese enterprises. American business leaders know that Portugal now offers freedom and stability in economic life; these are precious seeds of opportunity that can blossom into great enterprises yielding greater abundance for tomorrow.

The friendship and trust between Portugal and the United States runs deep. We serve proudly together as members of the NATO alliance, defending the West. We consult widely on other foreign policy matters, and we in the United States value the perspective that your long involvement with Africa has given you on that continent.

I believe that the stars of our progress are bright. And as travel between our countries increases and Portugal takes up its membership in the European Community—an important step for Portugal and all of Europe—they will shine brighter still. We look forward to the work that Portugal and the United States will do together—improving the lives of our people, defending the free world, and by our example extending

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comfort to the down-trodden and hope to the oppressed everywhere.

At the close of "The Lusíadas," the poet addresses King Sebastião and, in a wider sense, Portugal herself. He speaks of John I and Pedro the Just, two of Portugal's monarchs on the eve of the Age of Discovery:

Yet thou, Sebastião, thou, my king, attend;
Behold what glories on thy throne descend!
Oh, be it thine these glories to renew,
And John's bold path and Pedro's course pursue.

It is in our own time that Portugal is truly taking up the poet's challenge. Today the ancient glories are being renewed in freedom, and the bold path has a very special name—*democracia*.

Ladies and gentlemen, please join me in a toast to you, Mr. President, to Portugal, and to the success of Portugal's future of freedom, democracy, and peace.

News Conference (Excerpts), May 10, 1985¹²

The journey to Europe has involved many highs and, yes, some anguishing moments. It took us to one of Europe's youngest capitals and two of its oldest and to a city which symbolizes the continuing quest for European unity. And at every stop I emphasized that our European friends can count on the United States to be their partner, to help them grow, to support their democratic aspirations, and to stand with them to protect the peace.

We are leaving today with our Atlantic ties strengthened, and we're returning home mission accomplished.

Let me summarize what I believe to be our lasting achievements.

First, our visit to the Federal Republic has strengthened U.S.-German relations and the prospects for continuing peace in Europe. The German leadership characterized our visit as opening a new page in German history. I believe that our partnership and friendship have never been greater or stronger. At the Bonn economic summit we agreed to a common strategy to ensure continued economic prosperity and job creation. We also moved closer to our goal of launching a new multilateral trade round to eliminate barriers to free trade. All the summit countries have agreed to the need for a new round; all but one agreed that it should begin early next year.

We are pleased that our partners endorsed U.S. efforts in Geneva to achieve significant reductions in nuclear arms. We also reached agreement for intensified cooperation against international drug trafficking.

Next, at the European Parliament in Strasbourg, we set forth a sensible framework for improved U.S.-Soviet relations based on strength, realism, peaceful competition, and negotiations. I conveyed to the Soviet Union once again America's heartfelt desire for peace. The constructive, commonsense initiatives we proposed to reduce tensions between us deserve a serious Soviet response.

In Spain and Portugal, we further enhanced our ties with two close friends and valued partners. It was heartening to see firsthand the strides these two courageous democracies have made, both politically and economically.

It's been a long, historic, and thoroughly worthwhile trip. Issues of major significance were dealt with openly, vigorously, and in depth. From our meetings came a strongly shared commitment to freedom, democracy, growth, and European unity.

Q. A week ago, you said it would be an irresponsible act if anyone agreed to zero growth on defense. Now you have accepted that, . . . Can you explain about your campaign promise and why you've changed your mind?

A. . . . The zero growth is for 1 year, the first year, and then the growth rate that we had asked for for the next 2 years is included in this but at the same time. And just a little while ago—somewhere around 4 o'clock in the morning in Washington—I had the assurance of the Senators that this is done with the proviso that if at any time the zero growth reveals in the coming year that it is going to in any way reduce our national security or harm it in any way, I will be back asking for a supplemental to overcome that.

. . . .

Q. Do you plan to go to the United Nations in the fall with the possibility of meeting Gorbachev? And why is it that you can preach reconciliation to the Germans, who committed so many horrors, and not say the same thing to the Soviet Union on this trip?

A. I thought that I had said some things. I told about the changes that we felt in this unifying of Europe should take place, but I also emphasized that it must take place peacefully, that I was not suggesting any hostile action.

With regard to going to the United Nations, no, we have no confirmation yet that Mr. Gorbachev is coming. The word probable is about the best way to describe it. But it did not—that statement did not come from him.

I then extended an invitation that if he was going to be here, the door was open for a meeting between us. And that still goes. So, the ball is in his court, first, to decide whether he's coming here. And then, second, as to time and place for such a meeting, if he is willing.

Q. In the past you've drawn a distinction between dictatorships on the right and Marxist dictatorships, saying those on the right can evolve into democracies, but communist dictatorships never do. Yet here in Europe, you have talked about the changes you want to see in Eastern Europe, where communist dictatorships are most deeply entrenched. How do you see those changes taking place and what is your role in those changes?

A. We've said that we would be most helpful to anyone who wants to make this modification. We have seen enough examples, in the Americas alone, of military dictatorships or just outright dictatorships and pressure from the people in the democratic process changing those to the point that today south of our border, roughly 90% of the people in what we call Latin America are now living in democracies or in countries that are moving toward democracy. And the only two totalitarian powers in our hemisphere are Nicaragua and Cuba. So, it is true that there is evidence that right-wing governments or dictatorships—well, we're standing in one that has gone from dictatorship to democracy. The same was true in Spain, when we were there.

But it is true that what has been called the Brezhnev doctrine has been predominant, that once they get their grip in a country, it doesn't change. There are evidences that that isn't true. Well, as a matter of fact, that, too, happened here because—in addition to dictatorial tradition—there was a time when communism seemed to be moving in here. And again, the people of Portugal made that change.

Q. A few days ago, an official of your government, Richard Perle, in the Defense Department, said that it was his opinion that it was time for the United States to start violating or stop observing the SALT [strategic arms limitation talks] agreements.

First of all, what do you think of him offering that opinion? And second, what do you think about it? Is it time to stop observing the SALT agreement?

A. First of all, you know, in the country of ours, everyone's got a right to express their opinion, and he was doing no more than that—something that I know is very precious to all of you. But I would—I'm trying to think of how I want to answer this question. Maybe you'd better reframe that last part again so I can get my mind switched from whether he had a right to or not.

Q. Well, let me put it this way, sir: What do you think? Is it time for the United States to stop observing the SALT treaty, which, of course, we've never ratified?

A. All right, yes. We have tried on what seemed to be a verbal agreement between ourselves and the Soviet Union for some time that, even though we had not ratified that treaty, it had been signed by the negotiators, that we would both seek to abide by the terms. There's considerable evidence now that that has been rather one-sided. And if it has been, then there's no need for us to continue.

But whether we do or not, that's a decision to be made down the road. Actually, we have not come to a point in which we, in any way, in our own buildup are violating or going beyond the terms of that treaty. It is possible with regard to one system of weapons that we might come to such a point. And we'll make that decision then. And if we do, we'll do it openly, and we will do it with full knowledge of the Soviet Union.

Q. Almost everywhere that you went in Europe, the foreign leaders opposed the Nicaraguan trade embargo, and we now hear that Costa Rica has opposed it. Why is it, sir, that some of your closest allies don't back you on this and don't seem to feel that Ortega and the Sandinistas are the threat that you think he is?

A. I don't think there's any question that they don't agree with us about the threat—they do. They know what Nicaragua is. On the other hand, we're running into a kind of a philosophical difference here, I think with regard to sanctions. We did a lot of soul-searching about it ourselves. There are a number of people, certainly a number of governments, who just don't believe in that as a legitimate weapon.

On the other hand, when we were trying to get aid for the people of Nicaragua in their struggle for democracy and against totalitarianism, many

of our own people in the Congress brought up the fact of how could we be doing this at the same time that we continued to maintain relations. Well, we had continued to maintain relations, and even including trade relations, with them as a refutation of their charge that we were seeking their overthrow.

All we have ever sought is that they, as one faction—when I say "they," I mean the Sandinista government. That Sandinista government has never been legitimized by the people. It is one faction of a revolution that overthrew a dictator. And they stole that revolution away from the other factions which we now call the *contras*. And the leaders of the *contras* were leaders in that revolution also.

And in doing that, we have felt that what we are seeking and trying to pressure them to do is to come together again in discussion and negotiations to restore the promises they, themselves, had made as to what the goals of the revolution were. And in doing that—and as I say, to refute their charges that we were somehow threatening them with aggression, and if you'll remember, there was a time when Mr. Ortega had us, every other week, landing the marines in Nicaragua, and we never had any intention to do such a thing. So, we maintained our Embassy there, we continued our trade to show what we really wanted to do.

And then, in this recent vote in the Congress, we found many Congressmen justifying their position on the grounds that how could we still be doing business and yet wanting to aid this other faction of the revolution. And we have decided that pressure is needed to bring them to the realization that they should restore the original goals of their revolution.

Q. In recent days, Mr. Gorbachev has had some rather harsh things to say about the United States and about you. If there is a summit meeting, what would you have to talk about, and what do you think that such a meeting could reasonably produce in the current climate?

A. I think there would be a lot to talk about, and I just happen to believe, that it's time we started talking to each other instead of about each other. And with regard to the harsh things that he's had to say about me, what's new about that? That, I think, has been consistent not only with me but with every other American President. It's just their way of doing things.

Q. A few days ago—I'd like to go back to the defense budget—a few days ago you told us it would be an irresponsible act to freeze it. This morning you seem to say it's okay to freeze it, but if you discover in the future that it is irresponsible, you'll go back to Congress. Doesn't that suggest, that you don't really have a firm view of what figure is needed? And doesn't it open you up in the House of Representatives to the House taking more out of the defense budget?

A. Not one penny more should be taken out of that budget than has been given now. And, as I've said, we're talking about the year of 1986, and I have the agreement of the Senate that if this represents—and I, in my own mind, feel that it does represent a cut in spending beyond which we should go—that they recognize that I will be returning for a supplemental appropriation.

On the other hand, I have to point out to you that in this we have gotten more than 90% of what we have asked for in the budget. It will amount to some \$56 billion this year—almost \$300 billion, which was our goal over the first 3 years. And there's no questioning the importance of sending a signal, not only to the world but to our own business and financial communities that we are determined to deal with a deficit problem that has been a Democratic heritage for the last 50 years of deficit spending, continued deficit spending. And once and for all, we're going to try to get hold of it.

Q. Would you compare the reception you have here in Portugal with those in other countries in Europe—would you compare your reception here in Portugal?

A. May I say to you that every place I've been in Europe, I have been impressed by the warmth of the people, by their open hospitality and welcome to me and that has held true here, as much as in any other country, and I have been greatly heartened by the reception of the people. Now, if in your minds you are thinking in terms of certain demonstrations, well, I'd have that in my own country. There is a faction wherever you go that's on the other side, and it happens to be a faction that kind of goes out of its way to be rude and nasty in expressing its opinion. But I've just come to accept that as part of the way of life. And as Harry Truman said, "If you can't stand the heat, stay out of the kitchen."

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So, I just have to tell you, I'm most gratified. I think I leave with sound friendships with the people of your government, personal friendships, as well as alliances between us or agreements between us. And I'm very pleased.

Let me just say one thing and then I have to go back here. Since there's been a lot of discussion about some members of my Administration, and one in particular and this being Mike Deaver's [former deputy chief of staff and assistant to the President] last day—I just want to say to you that I consider Mike's leaving in the nature of an amputation, and it is I that is suffering the amputation. He has been with us a number of years. I have never found fault with anything that he's doing, with his loyalty, with his friendship, and with the common sense that he has always used. And that extends to the arrangements for this trip and the part that he has played in the arranging of the trip. And while it was very difficult, I know that most of you are totally exhausted; some of us managed to survive a little better—[laughter]—if so, it's because we had Mike working in our behalf, particularly. And he's going to be greatly missed.

¹Texts from Weekly Compilation of Presidential Documents of May 13, 1985.

²Made after laying a wreath at a camp memorial.

³Made at a joint German-American military ceremony after laying a wreath in a nearby military ceremony in Bitburg. He was accompanied by Chancellor Kohl.

⁴Made in response to a toast proposed by President von Weizsacker at Schloss Augustusburg.

⁵Remarks made to Spanish community leaders.

⁶Made after a meeting with President Gonzalez at Moncloa Palace.

⁷Made in response to a toast proposed by King Juan Carlos I at the Royal Palace.

⁸Made before a special session in the assembly chamber at the Palais de l'Europe.

⁹Made following a meeting with Prime Minister Soares at the Palace of Sao Bento.

¹⁰Made in response to a toast proposed by Prime Minister Soares at Sintra Palace.

¹¹Made in response to a toast proposed by President Eanes in the Throne Room of Ajuda Palace (opening remarks omitted here).

¹²Held at Quebec Palace. ■

Nicaragua Refugee Fund

**PRESIDENT'S REMARKS,
APR. 15, 1985¹**

I want to begin by saying that I'm honored to be in the presence of those who are here from Nicaragua and all the rest of you, too. Many of you have been driven from the land of your birth by a sad turn of history, but you've refused to forget your homeland or abandon your fellow Nicaraguans. And for this you deserve, and you have, both our high regard and our thanks.

Six years ago, many of you were part of the fight to overthrow an oppressive regime that had ruled your country for decades. You succeeded; the regime fell. And many rejoiced knowing that true freedom and true democracy would finally rise to take its place.

But the new regime became not a democracy but a dictatorship. Communism was embraced, and Nicaragua moved into the Soviet orbit. The best of the revolution, members of the original revolutionary government who had fought for high ideals, left the country. In all, more than a quarter of a million souls fled Nicaragua, and they're fleeing still. Many of the refugees are the poorest of the poor—Indians and peasants and terrified mothers and children. All of them need our help. But even more, perhaps, they need the attention of the world. After nearly 6 years, attention must be paid.

There's so much I want to discuss tonight, from the plight of the refugees to why they're fleeing. I want to talk about what is at stake in Central America, what is at issue, and what it means to all of us in this room, in this country, and in the West. I'll start with Nicaragua now, Nicaragua on April 15, 1985.

As you know, the Sandinista dictatorship has taken absolute control of the government and the armed forces. It is a communist dictatorship. It has done what communist dictatorships do: created a repressive state security and secret police organization assisted by Soviet, East German, and Cuban advisers; harassed, and in many cases expelled, the political opposition, and rendered the democratic freedoms of speech, press, and assembly punishable by officially sanctioned harassment and imprisonment or death.

But the communists are not unopposed. They are facing great resistance from the people of Nicaragua, resistance from the patriots who fight for freedom

and their unarmed allies from the pro-democracy movement.

There is growing evidence of Sandinista brutality. We've recently learned that 10 or 11 members of the Social Christian Party have been rounded up and jailed. The Sandinistas are trying to get them to confess to being counter-revolutionaries. And you might be interested in knowing one way the communists are coercing these confessions. They have also arrested more than 100 relatives of the political prisoners. And according to our most recent information, the Social Christian Party members are being held in the dark in small, overheated cells. Prisoners are served meals at irregular intervals—after 12 hours, for instance, and then the next in another 2. The purpose is to distort them and wear them down. Where do they get that idea? This same method has been used against political prisoners in Cuba.

Now, we do not know the exact number of political prisoners in Nicaragua today, but we get an indication from the testimony of José Gonzalez, a former vice president of the Social Democratic Party. Gonzalez told Pope John Paul II there were about 8,000 political prisoners in 1981. He also told the Pope the Sandinistas practice repression and torture. Gonzalez, as you know, was arrested when he returned from Rome. He left Nicaragua and now lives in exile.

But the most compelling evidence of Sandinista brutality and of why people are fleeing is the Sandinistas' scorched-earth policy. We know the Sandinistas have ordered and are carrying out the forced relocation of tens of thousands of peasants. We have reports that 20,000 peasants have been moved in the past 2 months from their homes to relocation camps. Peasants who have escaped call themselves hostages and call the relocation camps concentration camps. The communists themselves had admitted they're engaged in the forced resettlement of an estimated 65,000 people. Peasants and journalists tell of entire villages, homes, stores, and churches being burnt to the ground. They tell of animals slaughtered, crops burned, and villagers taken away at gunpoint in government trucks.

Why are the communists doing this? Massed forced relocations are a common feature of modern communist tyrannies, but there are other purposes here. For the people of many villages are actively

supporting the freedom fighters, and so the communists have decided to put more and more of the people of Nicaragua into closely guarded pens, and that way it will be easier for the regime to stalk the freedom fighters in the countryside. A Sandinista security chief has explained, "Anyone still in the hills is a guerrilla."

While all this is terrible, it can hardly come as a surprise to those who know what was done to the Miskito Indians. As you know, the Miskitos supported the Sandinistas against Somoza. But shortly after taking power, the Sandinistas attempted to indoctrinate the Miskitos in Marxist dogma, and the Indians resisted. The Sandinistas tried to put their own people in as leaders of the Miskito community, and the Indians resisted, so much that the Sandinistas labeled them "bourgeois" and, therefore, enemies of the people. They began to arrest Indian leaders. Some were murdered; some were tortured. One Miskito leader told our AFL-CIO [American Federation of Labor and Congress of Industrial Organizations] that Tomas Borge and other leaders of the Sandinistas "came to my cell and warned me that Sandinismo would be established on the Atlantic coast even if every single Miskito Indian had to be eliminated."

Well, the Sandinistas came close. There were massacres. Eyewitnesses said some Miskitos were buried alive. Ten thousand Indians were force-marched to relocation camps. Miskito villages were burned down; they're still being burned down. Miskito villages were bombed and shelled, and they are still being bombed and shelled. In the name of humanity, these atrocities must be stopped.

Twenty thousand Indians are known to be incarcerated in relocation camps. About half are currently being held at the Tasba Pri Relocation Camps. *Tasba Pri*, by the way, means "free land." Well, above one "frez land" camp, a *New York Times* reporter noted a sign that said, "Work that unites us is a revolutionary force."

In all, tens of thousands of Miskitos have been forced to flee Nicaragua, to free the land they lived on for over 1,000 years. Many now live as refugees in Honduras.

Unfortunately, it's widely believed outside Nicaragua that the Sandinistas enjoy the support of the people inside, but you know this is completely untrue. We know this from many sources, even recently the American press.

A few months ago, *The New Republic* carried a report by Robert Leiken, who had long been sympathetic to the Sandinistas and who had formerly testified in Congress against aid to the *contras*. He wrote, "One of the most common means of sustaining the myth of popular support is the Sandinistas' use of the rationing system as a lever—ration cards are confiscated for nonattendance at Sandinista meetings." And talk of inflation is branded as "counterrevolutionary plot." Sympathy with the *contras*, he said, is more and more pervasive. In fact, the peasants now call them *los muchachos*, the affectionate term they once used exclusively for the Sandinistas. And what do they now call the Sandinistas? Well, the latest worker's chant is "the Sandinistas and Somoza are the same thing."

In spite of all this, the Sandinista government retains its defenders in this country and in the West. They look at all the evidence that the Sandinistas have instituted a communist regime: all the pictures of dictator [Daniel] Ortega embracing [Fidel] Castro and visiting Moscow, all the Soviet-bloc advisers, and all the Sandinista votes in the United Nations, such as their decision in line with the Soviet bloc to refuse the credentials of Israel. They look at this, and they say: "The Sandinistas aren't communists, or aren't real communists. Why, they're only nationalists, only socialists."

But these defenders admit there is a problem in Nicaragua. The problem, they say, is the freedom fighters. Well, just a few weeks ago, the whole world was treated to a so-called independent investigation of charges that the freedom fighters have committed atrocities. It spoke of these so-called atrocities in a rather riveting manner. And the report received great attention on television and in leading newspapers and publications. The report ignored communist brutality, the murder of the Indians, and the arrest, torture, and murder of political dissidents. But we really shouldn't be surprised by that because, as our State Department discovered and *Time* magazine reported, this so-called independent investigation was the work of one of dictator Ortega's supporters, a sympathizer who has openly embraced Sandinismo and who was shepherded through Nicaragua by Sandinista operatives.

The truth is, there are atrocities going on in Nicaragua, but they're largely the work of the institutionalized cruelty of the Sandinista government. This cruelty is the natural expression of a

communist government, a cruelty that flows naturally from the heart of totalitarianism. The truth is Somoza was bad, but so many of the people of Nicaragua know that Sandinistas are infinitely worse.

We have here this evening many individuals who know these truths firsthand. Some of you may know of Bayardo Santaeliz. He is a 29-year-old Nicaraguan refugee and a former lay preacher of the Pentecostal Missionary Church in Nicaragua. And this is his story, a story told in sworn testimony before a Honduran civil rights commission. A few years ago, the Sandinistas began pressuring Bayardo to stop preaching and start fighting for the revolution. And one night after holding a prayer session in a home on the slopes of the Momotombo Volcano, Bayardo went to bed. He was awakened by Sandinista soldiers who asked if he was an evangelical preacher; Bayardo said yes. The Sandinistas arrested him, accused him of counterrevolutionary activity, verbally abused him, and then tied him and two others to a pillar. Then the Sandinistas doused the house with gasoline and threw in a match. The room went up in flames, but they burned the rope that bound Bayardo, and he escaped with his clothes in flames and his body burned. He hid in the countryside and was rescued by *campesinos* who got him to a hospital, where he lied about the cause of his injuries. And not long after, he left Nicaragua.

Bayardo, I wonder if you could rise for a moment, wherever you are here in the room.

You know, I was going to ask all of you fellows with the cameras if you wouldn't kind of turn them off me and on him, but then he came up here; so I didn't ask you that. He's just one of the many who've suffered. He knows things and has experienced things that many of us in this country can barely imagine. And I think America has to see the true face of Nicaragua. Thank you, Bayardo.

Some people say this isn't America's problem. Why should we care if Nicaragua is a democracy or not? Well, we should care for a whole host of reasons.

Democracy has its own moral imperatives, as you well know, but it also has advantages that are profoundly practical. Democratic states do not attack their neighbors and destabilize regions. Democratic states do not find it easy to declare and carry out war. Democratic states are not by their nature militaristic. Democracies are traditionally reluctant to spend a great

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deal of money on arms. Democratic states have built-in controls on aggressive, expansionist behavior because democratic states must first marshal wide popular support before they move.

None of these characteristics applies to totalitarian states, however. And so, totalitarian Nicaragua poses a threat to us all.

The Sandinistas have been engaged for some time in spreading their communist revolution beyond their borders. They're providing arms, training, and a headquarters to the communist guerrillas who are attempting to overthrow the democratically elected Duarte government of El Salvador. The Sandinistas have been caught supporting similar antidemocratic movements in Honduras and Costa Rica; Guatemala, too, is threatened. If these governments fall, as Nicaragua has fallen, it will send millions of refugees north, as country after country collapses. Already the refugee situation is building to unacceptable levels. More than a quarter of a million refugees have fled Nicaragua since the Sandinistas took control. Some weeks, 100 Nicaraguans a day stream into Costa Rica alone. It must be noted here that many of these refugees carry no papers, register in no official camps, and wind up on no one's official list of those who've fled. They simply cross the border of one country or another and settle where they can.

And let me emphasize a very important point: These refugees are not simply people caught in the middle of a war. They're people fleeing for their lives from the Sandinista police state. They are fleeing from people who are burning down their villages, forcing them into concentration camps, and forcing their children into military service.

The refugees come into camps in Honduras with no food and no money. Many are sick with parasites and malaria. And the great tragedy is that these people are the innocents of the war—people without politics, people who had never presumed to govern or to tell the world how to turn. They are both innocents and victims.

And I want to take a moment to thank the people, you who are helping the refugees: Woody Jenkins, Diane Jenkins, [executive director of Friends of the Americas], and so many people in this room. While the world was turning away, you were helping. People like you are America at its best.

If the communists continue unfettered by the weight of world opinion, there will be more victims, victims of a long march north. We've seen this

before. We've seen the boat people leaving Southeast Asia in terror. We saw the streams of refugees leave East Berlin before the wall was built. We've seen these sad, lost armies fleeing in the night. We *cannot* allow it to happen again.

You know of our efforts to end the tragedy in Nicaragua. We want the killing and the bloodshed and the brutality to end. We've put forth a proposal for peace. We've asked for a cease-fire. We're asking the Sandinistas to join the democratic opposition in a church-mediated dialogue. The church itself 1 year ago independently asked the Sandinistas for this dialogue. We're asking the Sandinistas to take steps to hold truly democratic elections and restore freedom of speech, press, and assembly.

Nicaragua's neighbors, El Salvador and Honduras and Costa Rica, have embraced this proposal. President Duarte, President Suazo, President Monge have all personally written to me to express support for this peace plan. And who bears better witness to the merits of this plan than Nicaragua's own neighbors?

As part of our proposal, we've asked the Congress of the United States to release \$14 million for food, medicine, and other support to help the patriots who believe in democracy survive in the hills of Nicaragua. This has been called a controversial request, and it's garnered some opposition in the Congress. I believe the reasons for this must be addressed.

Some claim that the freedom fighters are simply former Somozistas who want to reimpose a dictatorship. That is simply not true. Listen to the roll call of their leaders: Adolpho Calero, a Nicaraguan businessman who was imprisoned by Somoza; Alfonso Robelo, a member of the original Sandinista government, now leading freedom fighters in the south; Arturo Cruz, another former member of the Sandinista government who is supporting the freedom fighters; Eden Pastora, the famed Commander Zero, a hero of the anti-Somoza revolution.

These men are not putting their lives on the line to restore a dictatorship of the past; these men are fighting for freedom. Already they control large sections of the countryside. And as for their level of support, there are now three times as many freedom fighters fighting the Sandinistas as there were Sandinistas fighting Somoza.

There are those who say America's attempt to encourage freedom in Nicaragua interferes with the right of self-determination of the Nicaraguan people. Self-determination—you wonder

what the ghosts of the Miskito Indians would say to that; you wonder what the journalists who cannot print the truth and the political prisoners who cannot speak it would say about self-determination and the Sandinistas. I think they would say that when a small communist clique seizes a country, there is no self-determination and no chance of it.

I believe that a vote against this aid is more than a rejection of the freedom fighters. It is a rejection of all the forces of moderation from the church to the Contadora countries, which have called for freedom and democracy in Nicaragua.

I believe one inevitable outcome of a rejection of this aid would be that it would remove all pressure on the Sandinistas to change. And if no constraints are put on the Sandinistas, I believe the brutality and abuse they already aim at their own country and their neighbors may well be magnified a thousandfold.

I truly believe the history of this century forces me to believe that to do nothing in Central America is to give the first communist stronghold on the North American continent a green light to spread its poison throughout this free and increasingly democratic hemisphere. [Applause] Thank you. I truly believe that this not only imperils the United States and its allies, but a vote against this proposal is literally a vote against peace, because it invites the conditions that will lead to more fighting, new wars, and new bloodshed.

This vote is more than an appropriation of money. Through this vote America will declare her commitment to peace. And through this aid, we will say to the free people of Central America: "We will not betray you. We will not leave you. And we will not allow you to become victims of some so-called historic inevitability."

No evil is inevitable unless we make it so. We cannot have the United States walk away from one of the greatest moral challenges in postwar history. I pledge to you that we will do everything we can to win this great struggle.

And so, we're hopeful. We will fight on. We'll win this struggle for peace. Thank you for inviting me.

Viva Nicaraguan libre. Thank you, and God bless you.

¹Made at the Grand Ballroom of the J.W. Marriott Hotel (text from Weekly Compilation of Presidential Documents of Apr. 22, 1985). ■

Nicaragua Peace Proposal

Following are President Reagan's radio address to the nation, statement on Senate approval of U.S. humanitarian assistance, and letter to U.S. Senate Majority Leader Robert Dole.¹

RADIO ADDRESS, APR. 20, 1985²

In a few days, Congress will vote on whether or not to support our proposal to help restore peace and democracy in Nicaragua. Few votes will ever be so important to the survival of democracy in Latin America and the Caribbean. Few votes will ever be so important to the national security of the United States.

On March 1st, the leaders of the democratic resistance of Nicaragua, the so-called *contras*, sent a peace proposal to the communists, who've taken over their country. The proposal called for a cease-fire and church-mediated negotiations that would lead to free and honest elections.

We've asked the democratic resistance to extend their offer until June 1st, and we're asking Congress to show its support for peace negotiations by releasing humanitarian aid to the democratic resistance. This support is crucial.

Negotiations would be our best and possibly last opportunity to steer the Sandinista communists away from their present brutal course and back toward the democratic and peaceful promises of their revolution.

The responsibility now rests squarely on the shoulders of Congress. A vote for humanitarian aid to the democratic resistance will signal the United States' resolve on this issue. And courage and resolve are the only way to convince the Sandinista communists to come to the negotiating table.

A vote against our proposal, however, could mean the beginning of the end to all hopes of peace and democracy in Central America. Already, the followers of [Libyan leader Mu'ammar] Qadhafi and the Ayatollah Khomeini [of Iran] are in Nicaragua—about 2 hours by air from United States borders. And just this week, we confirmed the presence of Russian military personnel in the battle zones of northern Nicaragua.

The Soviet terrorist bloc nations know what is at stake in Nicaragua.

That's why, in the 7 months since Congress cut off aid to the democratic resistance, they've been pouring in weapons and personnel to their communist allies, hoping to wipe out the democratic forces while they're most vulnerable.

And that's why, rather than negotiate with the democratic resistance, the communists are still betting that the United States will abandon its friends. A recent article in *The New York Times* reported that the "Sandinistas pin hopes on Congress." You heard me right. The Sandinista communists are lobbying your Senators and Representatives. Together with the misguided sympathizers in this country, they've been running a sophisticated disinformation campaign of lies and distortion.

And now we're told that in a cynical attempt to manipulate public opinion and our Congress, the communists may put forth an 11th hour so-called peace proposal, a proposal aimed at blocking aid to the democratic resistance and giving the communists a free hand to tighten their grip on the Nicaraguan people. The communists know that if they can persuade Congress to cut off aid, they'll never have to negotiate with the democratic opposition. And they believe if they can stop aid to the democratic resistance, nothing can stop them.

Unfortunately, some are using this issue to play partisan politics. Before we'd even announced our peace plan, the Speaker of the House [Thomas P. O'Neill, Jr.] called our peace offer a "dirty trick." How could church-mediated peace negotiations be a dirty trick? Do they really think the church would ever cooperate in a trick?

The opponents of our plan in the House have announced a formula for turning the democratic resistance into homeless refugees. Their alternative to a plan for peace and democracy would only provide assistance to the democratic forces if they abandon their struggle to liberate Nicaragua—in other words, surrender to communism. They would, in fact, aid the Soviet-Cuban-Sandinista effort to get rid of the democratic resistance.

We're asking Congress to be consistent and support those who are fighting communism in Nicaragua, just as we support the democratic resistance in Afghanistan and Cambodia.

Let me speak plainly. Any proposal that abandons over 15,000 members of a democratic resistance to communists is not a compromise; it's a shameful surrender. If Congress ever approves such a proposal, it would hasten the con-

solidation of Nicaragua as a communist-terrorist arsenal. And it would give a green light to Soviet-sponsored aggression throughout the American mainland, ultimately threatening our own security.

But Congress can prevent a crisis by supporting peace negotiations now. Don't let the Sandinista communists and their sympathizers be the only voices heard. Let our Members of Congress and Senators hear the voices of you who love liberty and democracy, too. Let's give peace a chance in Nicaragua and in all of Central America.

STATEMENT, APR. 23, 1985

Tonight the Senate cast a historic vote—for freedom and democracy in Central America. A clear majority has spoken in favor of a consistent and effective policy that is true both to our principles and to our interests.

To reach this result the White House and Senators of both parties worked together to find common agreement; and we now stand upon common ground. Support for the Nicaraguan democratic resistance is a crucial component of the proposal approved by the Senate. Our hemisphere will not be a safe place if the United States ceases to stand by its friends.

Today's vote will contribute toward bringing both peace and democracy close to the people of Nicaragua. That vote demonstrates that a direct bipartisan consensus on this critical issue remains possible. I urge Members of the House to lend their support.

LETTER TO SENATOR DOLE, APR. 23, 1985

I announced on April 4 a proposal to promote peace in Central America by fostering a dialogue between the Government of Nicaragua and the democratic resistance, accompanied by a ceasefire in the conflict between them. My proposal was intended, in the words of the Contadora Document of Objectives agreed to by Nicaragua and its neighbors, "to promote national reconciliation efforts . . . , with a view to fostering participation in democratic political processes in accordance with the law."

Since April 4, I have had the benefit of many fruitful discussions with Latin American leaders and with members of the Congress. I have been encouraged by these discussions, which have shown that a broad consensus exists on the need for reconciliation in Nicaragua, based on democratic principles, as an essential aspect of achieving peace in Central America.

THE SECRETARY

Today the Senate will vote on a resolution, S.J. Res. 106, the text of which is required by law enacted last October. That text purports to release appropriated funds and free the Executive Branch from restrictions against the support of military or paramilitary action in Nicaragua. However, my intentions are founded on a different approach. Accordingly, I want to make clear to the Senate, as it approaches this important vote, how I will proceed in pursuit of peace if S.J. Res. 106 is enacted.

First, I will provide assistance to the democratic resistance only for food, medicine, clothing, and other assistance for their survival and well-being—and not for arms, ammunition, and weapons of war. Second, I will not use more than the \$14 million already appropriated during the current fiscal year for such assistance. No other U.S. Government funds would be spent for such material assistance to the armed democratic resistance. I will personally establish thorough procedures for the detailed management and accountability of the program in order to assure that these limitations on both the nature and amount of U.S. assistance are scrupulously observed.

I recognize the importance some Senators have attached to bilateral talks between the United States and Nicaragua and the establishment of a ceasefire. I have considered these views and believe that such steps could help to promote the internal reconciliation called for by Contadora and endorsed by so many Latin American leaders.

Therefore, I intend to resume bilateral talks with the Government of Nicaragua and will instruct our representatives in those talks to press for a ceasefire as well as a church-mediated dialogue between the contending Nicaraguan factions. I must emphasize, however, that such bilateral talks must be in support of the Contadora process and the internal dialogue and cannot become a substitute for these efforts to achieve a comprehensive, verifiable agreement among all the nations of Central America. Also, as I said on April 4, peace negotiations must not become a cover for deception and delay. If the Sandinista government shows bad faith by seeking to gain unilateral advantage, for example through a further arms buildup during a ceasefire or intransigence in negotiations, I would feel obligated to respond accordingly in our diplomatic efforts and would not expect the democratic resistance to continue to observe a ceasefire which was unfairly working to their disadvantage.

I will report to the Congress no later than September 1, 1985, on the progress made in achieving a verifiable peace and reconciliation in Nicaragua based on democratic principles. Such report shall also include an accounting for the funds obligated or expended under this joint resolution and may include such recommendations as I deem appropriate with respect for Nicaragua. I shall expect any recommendations for additional legislation for further assistance or sanctions to receive expedited handling.

While economic sanctions are unlikely by themselves to create sufficient pressure to change Nicaragua's behavior, the Sandinistas

should not benefit from their present access to the U.S. market while continuing their intransigence on issues affecting our national security. The Administration will favorably consider economic sanctions against the Government of Nicaragua and will undertake multilateral consultations with other Central American states in this regard.

The U.S. condemns atrocities by either side in the strongest possible terms. We will use our assistance to help ensure against wrongful acts by those who seek our help and we will urge them to take steps to investigate allegations of such acts and take appropriate actions against those found to be guilty.

The United States now stands at a moment of judgment. Experience has shown that a policy of support for democracy, economic opportunity, and security will best serve the people of Central America and the national interests of the United States. If we show consistency of purpose, if we are firm in our conviction that the promising developments over the past year in El Salvador, Honduras, Costa Rica, and Guatemala also

show the way for a better future for Nicaragua, then over time we can help the democratic center prevail over tyrants of the left or the right. But if we abandon democracy in Nicaragua, if we tolerate the consolidation of a surrogate state in Central America, responsive to Cuba and the Soviet Union, we will see the progress that has been achieved begin to unravel under the strain of continuing conflict, attempts at subversion, and loss of confidence in our support.

There can be a more democratic, more prosperous, and more peaceful Central America. I am prepared to devote my energies toward that end. But, I also need the support of the Congress. I hope that you will give me your support today.

Sincerely,

RONALD REAGAN

¹Texts from Weekly Compilation of Presidential Documents of Apr. 29, 1985.

²Broadcast from Camp David, Maryland. ■

Secretary Visits the Middle East and Austria

Secretary Shultz visited Israel (May 10-12, 1985), Egypt (May 12), Jordan (May 12-13), and Austria (May 13-15) to participate in the ceremonies commemorating the 40th anniversary of the signing of the Austrian State Treaty.

Following are remarks he made on various occasions during the trip.

ARRIVAL REMARKS, TEL AVIV, MAY 10, 1985¹

Vice Prime Minister Shamir

To welcome Mrs. Shultz and the Secretary of State to Israel is always a pleasure, even at an early hour as this. The Secretary and his party have come to Israel from important meetings and a long trip. He's here on a mission of peace and remembrance. We are grateful to the Secretary for his initiative to share with us his feelings and his ideas. We are looking forward to the talks we will have today and tomorrow, I am certain, in a spirit of warm friendship which exists not only between our peoples, but also between ourselves. Once more, Mrs. Shultz and Mr. Secretary, welcome to Israel.

Secretary Shultz

Thank you Mr. Minister. You and all of your colleagues are so gracious to come out here at this early hour and greet us. We deeply appreciate that and know it is a personal gesture of friendship, so we're especially appreciative.

I have come to Israel, as you've noted, on behalf of President Reagan and the American people to take part in a very special ceremony. Today at Yad Vashem, we will pay tribute to the victims of the Holocaust, as well as to the partisans and the soldiers and citizens of all religions and nationalities who fought for the Jewish people against the Nazi evil and defended humanity from a man-made hell on Earth. I was unable to join you during commemoration events early this week, so I am grateful to you for giving me the opportunity to visit now and to pay my respects.

These past few weeks have been a painful time for all decent men and women around the world. This has been a time of remembrance—remembrance of the agony, the suffering, and the inhuman cruelty of the Holocaust. We have been reminded again that mankind's capacity for evil endures despite all our best efforts to vanquish evil from this Earth. Yad Vashem is a permanent reminder of that evil. It calls upon all who visited it to remember so

that the deed it depicts may never be repeated.

But Yad Vashem is also a symbol of hope. It reminds us as well that evil can be conquered if enough good men and women have the courage and the vision to stand against evil to sacrifice, so that good in all of us may finally triumph.

Israel itself is a shining symbol of hope. The State of Israel and its people are a living testimony to the indomitable human spirit, for out of the suffering of the Jews 40 years ago has come this magnificent state where freedom and democracy flourish and the love of peace is deeply ingrained. The Holocaust is now past, but we must never forget its lasting meaning. Israel and the principles and ideals for which it stands are beacons of hope for us all. The American people and all who love freedom everywhere must ensure that the State of Israel endures and thrives.

REMARKS AT THE YAD VASHEM HOLOCAUST MEMORIAL, JERUSALEM, MAY 10, 1985²

The Yad Vashem memorial poses a question that has haunted mankind since the beginning of time, and never more so than after the Holocaust. Can one stand amidst the proof of human suffering and human evil in this place and still hope? Can one look at the sea of faces—faces of children, of mothers, fathers, and grandparents, faces without hope, faces that were destroyed, faces that are no more—can one look into the eyes of the victims of a hell made on Earth by men and still have the will and the courage to look ahead to mankind's future?

Four decades have passed since the horror of the Holocaust ended with the defeat of the Nazis. For four decades, the world has worked to restore itself, to begin again. Nations have made war and made peace. Efforts to build a better world have gone forward, sometimes successfully, sometimes not. Older generations have passed on; new generations have grown up; and for those new generations living so far from this place 40 years after the fact, the memory of the evils recorded here may be distant—perhaps fading.

But here, time has not passed—and never will. The evil remembered here at Yad Vashem might as well have been committed just a moment ago.

Forty years, or 400 years, are but an instant in this place. For here, as nowhere else, the evil in man has been

recorded in excruciating fullness. Here time has no meaning because time cannot wash that evil away. Men and women may lead their lives elsewhere and avert their eyes from this cold and awful reality. But no one can walk through this memorial and harbor the slightest doubt that mankind's capacity for evil is unbounded. Here we must look evil in the face. How, then, do we go on?

Miraculously here there is also hope. For who has erected this memorial? Not the perpetrators of evil, but the conquerors of evil. Who preserves the memory? Not the enemies of the human spirit, but its defenders. Not the enemies of the Jews, but the Jews.

Yes, Yad Vashem stands in remembrance of suffering, of death, of evil. But Yad Vashem also commemorates a great victory. Yes, here we know, we can see, mankind's shameful capacity for inhumanity. Yet here we also see that when men and women refuse to accept and acquiesce in evil—when men and women struggle and sacrifice for the higher good—then evil can be defeated and justice restored.

The very fact that the memorial to the Holocaust victims stands here in Israel is a symbol of hope. It reminds us that from the abyss of Jewish suffering at Nazi hands reemerged the Jewish state—a haven, finally, after centuries of anti-Semitic persecution. The birth of Israel was a rebirth of hope, and not only for Jews but for peoples everywhere. That the Jewish people could not be vanquished even by so vicious a tyrant as Hitler is testimony to the indomitable human spirit. It showed that right will prevail, even against the greatest odds. It is an inspiration for all. This memorial is in Israel because Israel is the true witness to the Holocaust and the truest symbol of the victory of good and evil. That is why Israel must endure, and that is why the American people are forever committed to Israel's security.

After the Holocaust, the American people, and decent men and women around the world, made a solemn pledge: Never again. Never again would we fail to confront evil. Never again would we appease the aggressor. Never again would we let the Jewish people stand alone against persecution and oppression. Today we honor the pledge by standing beside the State of Israel. We honor the pledge when we, with the people of Israel, reach out to help save Ethiopian Jewry. We honor the pledge when we work tirelessly to help Soviet Jewry—and other minorities—against

the Soviet regime's systematic persecution. We honor the pledge when we pursue and prosecute Nazi war criminals and when we commit ourselves to bring them to justice, no matter how long it takes.

But above all we honor our pledge by remembering, by teaching our children the story of the 6 million Jews, by establishing the Holocaust Memorial Commission in the United States, and by coming here to Yad Vashem. Every year thousands of Americans come here—to remember, to see, and to feel the evil in its immediacy. The images of Jewish suffering still burn in our minds and our hearts. We must make sure those images never fade, for only by seeing and knowing that the capacity for evil exists in mankind can we do what we must to see to it that our humanity prevails.

We do not avert our eyes. We do not forget. But neither do we despair. Let us be guided by both memory and hope. The prophet Isaiah teaches us: "For the Lord shall comfort Zion; He will comfort all her waste places; and He will make her wilderness like Eden, and her desert like the garden of the Lord; joy and gladness shall be found therein, thanksgiving, and the voice of melody."

It is Judaism that has taught us that the human being not only has the capacity for evil but also the capacity for hope. It is Judaism that has taught us that we are made in God's image and, therefore, have the capacity to grow to greatness and to nobility of spirit. It is that faith which is the essence of the democratic philosophy—a philosophy based on the principles of human dignity and human brotherhood—that binds Israel and America together.

That is our joint commitment to humanity. May we always have the courage to recognize and confront evil whenever we see it. May we always have the vision and the strength to shape and build the better world we seek. Let us seek and never turn from the truth.

ARRIVAL REMARKS, CAIRO, MAY 12, 1985³

I want to thank you for your warm welcome and for the content and serious nature of what you have just said about this visit. Mrs. Shultz and I are, of course, happy to be back in Cairo. We have visited here many times over the years—both as private citizens and as public officials. I look forward to my discussions with you, President

THE SECRETARY

Mubarak, and Prime Minister Ali and all your colleagues.

Egyptian-American relations have been characterized by warmth and, in particular, for its unique contribution to the peace process—the process in which Egypt has played such a central part. Egypt is a historical land-bridge between Asia and Africa and has become now a bridge of peace. Your treaty with Israel is the cornerstone of the edifice of a comprehensive peace which we seek to complete. The initial steps in this process have begun, and the challenge ahead is to add more building blocks and to instill a confidence required to confront the difficult decisions that lie ahead. On behalf of President Reagan and the American people, I am delighted to be able to reaffirm the close ties between the Egyptian and American people and our mutual dedication to the cause of peace.

NEWS CONFERENCE, AQABA, MAY 13, 1985⁴

Speaking on behalf of Mrs. Shultz and myself, I can say that we've been treated royally here in Aqaba. King Hussein and the Queen have been most gracious: their hospitality has been warm and we've enjoyed ourselves.

We also had an opportunity to talk with the King, the Prime Minister, the Foreign Minister, the Chief of Staff, and others about matters of interest between the United States and Jordan and also, most importantly, about the peace process. There are clearly many difficulties between the present situation and the kind of stability and peace that I think people increasingly want very much in the Middle East. Everybody is conscious of these difficulties. But I think also there is an increasing sense of the importance of somehow finding a way to discussion of those things that are necessary to be done if we are to achieve that peace and stability. The atmosphere is positive, and King Hussein has given essential elements of leadership in creating this positive atmosphere. And we are trying to respond to help this process along. I regard the discussions we've had here as being very worthwhile in that sense. So, I express again my gratitude to the King for his hospitality and also for the positive contributions he's making to the search for peace in the Middle East.

Q. What kind of progress were you able to make on the issue of naming a list of Palestinians to go with the Jordanians to the peace talks with the Israelis? Any progress at all?

A. [Inaudible] discuss a list or individual names or anything of that kind. But I think it is clear that direct negotiations between Israel and a Jordanian delegation must include Palestinians because Palestinians are the people who are very heavily involved and so they need to be represented. In some way a solution to this problem has to be found. We talked about various aspects of it, but I don't want to get involved in any discussion of individual names.

Q. Before you began this leg of the trip, in Lisbon, I think it was, you said it was time to get down to individual people or names, I forget which word you used. Does that mean that you were not able to succeed in that goal of getting down to specifics.

A. There will be a Jordanian-Palestinian delegation or group, and it may be that different people will be needed for different purposes. But at any rate, that's a subject of great importance, and I think we made some headway in resolving it, but I don't want to get involved in discussing individual names and it's really not a U.S. role to be suggesting names or anything of that kind. It's really something that others have to work out. I thought the statement that was issued as a communique from an Israeli Cabinet meeting was a very interesting and significant one and should generally be regarded as a positive sign.

Q. The Jordanian Foreign Minister had said that Jordan gave the U.S. Administration the names of several Palestinians who could participate in a joint Jordanian-Palestinian delegation for talks. Why is it that these names were not discussed in your talks with His Majesty?

A. We had lots of things to discuss, and the problem of how to form delegations that would talk with each other is certainly one of the issues, and when you come down to the final moment, it is names of people that count. I think we had a very positive discussion around this issue. But I am not going to get involved here in a discussion of individual names. That's not for me.

Q. Why do you distinguish between PLO [Palestine Liberation Organization] members and non-members—Palestinians who are non-members? Do you expect the non-PLO

Palestinians, if they can be found, to give up these national rights, and would they have the legitimacy and courage to do so, considering, of course, that there are several specific dates where American officials met with PLO officials, starting in 1975 with Mr. Walters in Morocco and, of course, Mr. Kissinger also?

A. I don't know which one of those 25 questions I should answer [laughter]. But as a general proposition, of course, the charter under which the PLO operates and activities that have been undertaken and at least identified very powerfully with the PLO and for which they have taken credit have been terrorist acts aimed at Israel, and the charter calls for eliminating Israel. I think if you put it in that context, it's not difficult to see why Israel should have the attitude it has toward the PLO.

But we are struggling to find that composition of Palestinian representation in talks aimed at peace that can be seen both as genuinely representative of Palestinians and acceptable in this process, because I think everyone agrees that you can't talk about issues that are intimately related to the life of Palestinians without having Palestinians represented in the process. I think that's an obvious thing. And so everybody agrees with that.

Q. You are going on to Vienna [inaudible question about U.S. role in the peace process].

A. Of course, we have ambassadors in all the chief countries who are first-class people, and we try to manage our affairs basically through our ambassadors. In addition, Ambassador Murphy [Assistant Secretary for Near Eastern and South Asian Affairs Richard W. Murphy] and those traveling with him will make their way back to the United States via a different route than I will. My prime purpose in coming here to meet with King Hussein was to discuss with him his upcoming visit to Washington and meeting with the President. And so we discussed elements of that and that was a prime purpose as we want to use that time when he and the President will be together and make that time be as fruitful as we possibly can.

Q. [Inaudible] sense of timing in that respect? Do you expect the issue of names and individuals and affiliations and representation to be dealt with in Washington then when the King comes to Washington?

A. I have been trying to say indirectly but I'll say directly: I am just not going to get into the question of names and that kind of thing.

Q. [Inaudible] getting into that question.

A. I am not going to touch that.

Q. Did you discuss arms sales and transfers to Jordan, or do you expect this to come up in Washington?

A. I think that the issues here in the Middle East and movement toward peace has all sorts of political dimensions to it such as those that you've been raising in your questions. It has economic dimensions, and it has security dimensions. And so all of these things have to be addressed. And we will certainly want to talk about them comprehensively.

Q. Could you just tell us, this *Washington Post* article has the CIA training a terrorist group in Beirut that attacked a Shi'ite leader up there earlier this year. A lot of Americans are still living in Beirut. There are some in this room who are going to go back to Beirut. What's the story? Was there CIA involvement with this bomb plot in Beirut earlier this year?

A. I really don't have anything to contribute to that at this point. I have been heavily enmeshed in other things. Several people have asked me about the *Washington Post* story. I haven't had a chance to read it or to get myself up on the background. So I just have to pass on that.

Q. In his September 1, 1982, speech on Middle East peace, President Reagan said the story of the search for peace in the Middle East is a tragedy of opportunities missed. Are we in some part of a chapter of an opportunity missed by the Hussein initiative which now seems unlikely to get off the ground?

A. I would say, on the contrary, everyone is all too conscious of the fact that the history is strewn with opportunities missed, and we think there is an opportunity. Somebody said there is a keyhole of opportunity. But at any rate, we want to, if the shift in analogy is right, then the keyhole belongs in the door so we can work on the door. But at any rate, the object here is take advantage of what opportunities there are. And I must say that I felt, in my discussions in Israel and my discussions in Egypt and here, a genuine sense of the importance and the potential and a desire to try to work hard and carefully at converting the opportunity we have

into things that can be substantial and concrete and get us somewhere and that's what we've been trying to do. I think actually there is a lot of grounds for being at least a little hopeful.

Q. It has been said that during your visit in Jerusalem you would try to convince the Zionists to be more flexible about the supply of American weapons to Jordan and Saudi Arabia. Is that the case? If yes, what was the result of your talks about this particular point?

A. I have said what I have to say about the security dimension of the efforts to get to peace and I think I'll just let it go at that.

ARRIVAL REMARKS, VIENNA, MAY 13, 1985⁵

This is my first visit to Vienna, and it comes on a great occasion—commemorating the 30th Anniversary of the signing of the Austrian State Treaty. The United States is proud of its part in the negotiations of that treaty. As a matter of fact, accompanying me in my delegation is one of the people who took a leading part in that negotiation—Ambassador Paul Nitze—a very distinguished American. The negotiations consumed years, but patience was eventually rewarded. In spite of the differences which separated us, representatives of governments from both East and West finally agreed to restore unity and sovereignty to the Republic of Austria. We remember Austria's own leaders in the early 1950s who helped guide the state treaty negotiations to their successful conclusions. I think the message that we can derive from these negotiations and perhaps as much from what has happened subsequently is that negotiations can work. It is a very important message for us.

The Government of the United States and the Soviet Union are negotiating with each other today on questions which affect the future of all mankind. Here in Vienna we are seeking to find equitable ways to reduce the levels of conventional forces facing each other in Europe. In Geneva we are seeking reductions in the levels of nuclear armaments. In other areas, we are negotiating about other matters of interest. And tomorrow, I will have the opportunity to sit down here in Vienna with Foreign Minister Gromyko to discuss a broad range of subjects which President Reagan has instructed me to raise.

The experience of the state treaty holds useful lessons for today's East-West negotiators. The patience and the persistence that our predecessors displayed at that time were rewarded with a treaty which has enabled the Austrian people to build a free, democratic society and a thriving economy. If we and the Soviets can sit down with one another here and in Geneva in that same spirit, we can find solutions to the urgent problems which confront us today.

REMARKS, VIENNA, MAY 14, 1985⁶

I have just finished meeting with Foreign Minister Gromyko for about 6 hours. Our discussions were useful, and they were comprehensive, and they were detailed. They ranged over the issues that we normally discuss. We spent a heavy proportion of our time on the subject of arms control and, in particular, the Geneva negotiations. We also discussed bilateral issues where some progress can be made. We discussed many matters of mutual interest in various regions of the world. I discussed problems of human rights, as I always do. Again, I think it was lengthy, useful, and a worthwhile meeting.

REMARKS, VIENNA, MAY 15, 1985⁷

Today we celebrate the 30th anniversary of the rebirth of a unified, democratic Austrian Republic. In that short span of time, the Austrian people have demonstrated the wisdom of the decisions taken in 1955 and the foresight of the leaders who achieved independence for their country. We commemorate not only the state but also the achievements of the Austrian people made possible by the treaty.

There are two lessons I think we should learn from our experience with this treaty. The first is that when governments on both sides of the East-West divide sit down with one another in a spirit of cooperation and good will, without illusions and with sufficient patience, we can find ways to work together for the benefit of all concerned. I was interested in the remarks that Foreign Minister Gromyko made just now about this same point.

THE SECRETARY

The treaty we commemorate today was not a victory for one side over the other but a victory for all—a victory for reason and peace.

We should not forget the time it took to reach agreement on the treaty. As the months and years of negotiations dragged on, there were many who condemned the negotiators as foot-dragging bureaucrats. Yet in the end, patience was rewarded with success. This is a lesson we hope to see repeated in our negotiations with the Soviet Union here in Vienna and in Geneva.

The second lesson comes from the experience of the Austrian people. When we signed this treaty 30 years ago, the Austrian people were again able to breathe the bracing air of freedom. As in free nations the world over, freedom—the world's most compelling idea—has brought unprecedented well-being to the people of Austria. They have created a society in which they and their children are free to pursue their own ideas and their own destiny, their individual dignity as human beings safeguarded by the ideal of tolerance and by the rule of law. They have created material prosperity in their country which could not have been imagined 30 years ago.

Before Austria put its particular mark on it, the concept of neutrality implied insularity. The people of Austria reinvigorated this concept, calling their approach "active neutrality." In the framework of this neutrality, you have shown the world what a neutral nation can accomplish.

As an honest broker in the Middle East, you have succeeded in arranging prisoner exchanges between warring parties which cannot yet bring themselves to talk to one another. Through your skillful participation in international organizations, you have shown the true value of the United Nations. You have given the United Nations a home here in Vienna. And in Lebanon and in Cyprus, you have provided troops for peacekeeping forces to fulfill the mandate of the Security Council.

One of the most courageous examples of Austria's active neutrality is in its refugee policy. Almost immediately after the signing of the state treaty, Austria opened its arms and began to accept the victims of oppression and misfortune in other lands. And Austria has welcomed refugees of some of Europe's Jewish communities, demonstrating its concern for the innocent victims of religious persecution. A small country with the courage of its

convictions, Austria has accepted its sovereign responsibilities as a member of the community of nations and has set an example toward which its neighbors should strive.

The lesson we, as the signatory governments, can take home from this commemoration is simple, but fundamental: Freedom works. In their cities and their villages, in their factories and on their farms, the Austrian people have taken this idea and shown the rest of mankind the blessings that await every nation which opens its door to liberty.

With the freedom granted them in 1955, the Austrian people, individually and through their government, have

created a state and an economy which is both prosperous and humane and which is both a credit to them and a source of pride to all of the governments which signed the state treaty here in this hall 30 years ago.

I thank you for the privilege of appearing on this most auspicious occasion.

¹Press release 101 of May 14, 1985.

²Press release 102.

³Press release 105 of May 14.

⁴Press release 107 of May 14.

⁵Press release 108 of May 14.

⁶Press release 109.

⁷Press release 111 of May 17. ■

Jewish Holocaust: Never Again

Secretary Shultz's prepared remarks before the Holocaust commemoration at the Capitol Rotunda on April 18, 1985.¹

As the 40th anniversary of the Allied victory in Europe draws near, we in America remember not only the triumph of our soldiers and the peace-loving nations of the world, but the rescue of the Jewish people from the Nazi evil.

Every year thousands of Americans visit the memorial to the victims of the Holocaust at Yad Vashem. I myself will be going there next month. The images of Jewish suffering at Nazi hands still burn in our memories. We will never forget, and the world must never forget, the inhumanity of which mankind is capable when it disregards the sanctity, the dignity, and the human rights of all men and women. Our nation shared the grief of those who had survived the concentration camps. We mourned for those who had not. And we made one very simple pledge: Never again.

Today we are assembled to pay tribute to the American soldiers who liberated the prisoners of Nazi concentration camps toward the end of the Second World War. Nothing we say here can have much significance compared with the noble and selfless act of those American liberators. When those soldiers walked into the camps and saw the horrors wrought by Nazi fanaticism, they recognized at once the enormity of the evil they had just conquered. And they forced the world to recognize it, as well.

Never has civilization been confronted by such an unmitigated, monstrous evil as Hitler's nazism. Never have the will and strength of the democracies been so severely challenged. Never has one people been singled out for such grievous suffering at the hands of their fellow human beings.

The rise of nazism, and most particularly, the ruthless murder of 6 million Jews, together dealt an almost devastating blow to all our most fundamental hopes for the modern world. Those who prior to the war had maintained their faith in the possibility of human progress, in the idea that with high culture and high civilization would come the end of man's inhumanity to man, those who had envisioned the day when respect for the dignity, the sanctity, and the human rights of every individual of Earth would be universal—all of us who shared these dreams were stunned by the Holocaust. We castigated ourselves for the world's collective failure to stop it sooner. And after the war, after the concentration camps had been liberated and the bodies of the dead had been buried, we all promised ourselves that next time it would be different. Never again would we allow a monstrous evil to go unchallenged. Never again would we appease the aggressor. Never again would we lose sight of the fundamental moral principles upon which our free society depends.

The men who liberated the camps in a sense liberated the world as well. They put an end to the physical tragedy, though they could not put an end to the spiritual anguish. We will never forget

the atrocities committed by Hitler, and we will continue to pursue the criminals who carried out his awful designs. We will bring them to justice no matter how long it takes.

But the Americans who liberated the camps four decades ago also gave us hope. They made it possible for us to look forward, to start again, to begin to restore our faith in the possibility of a better world, even while the memories of the recent horrors lived on. They offered a new chance for all peoples in all nations to join together in defense of humanity. These brave men showed that the evil ever-present in mankind can be confronted and eventually defeated by an even more powerful devotion to justice and the will to sacrifice for a greater good.

We must never forget that lesson.

The principles that the rescuers upheld, and for which many gave their lives, continue to animate heroic idealists of our own day, whose consciences will not permit them to acquiesce in injustice.

It is the principle summed up by one of the spiritual mentors of the American Revolution, Edmund Burke, when he said: "The only thing necessary for the triumph of evil is for good men to do nothing."

When Andrei Sakharov denounces the systematic denial of human rights by Soviet totalitarianism, and exchanges a position of honor and comfort in the Soviet elite for a life of persecution and exile, he honors the example and the memory of those who have fought tyranny and liberated the oppressed. So do the brave individuals administering the funds provided by Alexander Solzhenitsyn to aid the families of Soviet dissidents. And Anatoly Shcharansky's courageous stand against the Soviet police state is a testament to the human will. He not only endures, he prevails through his example to others.

We have seen the spirit of the rescuers in the mothers of Buenos Aires' Plaza de Mayo, who protested the disappearance of their children week after week, year after year—even after some of their own numbers

"disappeared"—until democracy was reborn in Argentina. And that spirit lives on today in the acts of those courageous South Africans, of all races, who have sacrificed—sometimes their privilege, sometimes their lives—to protest and expose the cruelties of apartheid.

Thank God most Americans have never had to face choices like this, but a few of us have. One who did was an

American officer who was captured during the Vietnam war and survived an 8-year ordeal in a North Vietnamese POW [prisoner of war] camp. As Admiral James Stockdale put it:

From this eight-year experience I distilled one all-purpose idea . . . It is a simple idea. An idea as old as the Scriptures, an idea that naturally and spontaneously comes to men under pressure. That idea is, you are your brother's keeper.

The magnitude of these injustices, I repeat, is not the same. They cannot be equated with Nazi genocide, which was unique in the annals of human depravity.

But the principle applies universally: We are our brother's keeper. We must never turn a blind eye to the sufferings inflicted around the world. We must always draw strength and inspiration from the courage and altruism of the rescuers.

And we must never delude ourselves. Mankind's capacity for evil did not die in the bunker with Hitler. We see evil in the world all around us, in efforts to impose totalitarian authority on unwilling peoples, in efforts to subjugate, suppress, and sometimes vanquish entire races, classes, and religions.

The legacy of the rescuers admonishes us all to stand up and fight back.

The memory of the American liberators will live on forever, as will the memory of the evil they put an end to. We can only be thankful, and proud, that Americans were willing to make the ultimate sacrifice to defend freedom and the rights of mankind. May we always have the courage, and the vision, to meet such challenges. Only then can the better world we all seek become a reality.

¹Press release 75. ■

Restoring Bipartisanship in Foreign Affairs

Secretary Shultz's address before the American Bar Association on May 23, 1985.¹

I'm very pleased to have a chance to participate in this program dedicated, as it is, to the object of creating a broader consensus for our foreign policy.

When I began work on this speech, I used a different word—"nonpartisanship"—to describe the American tradition of cooperation on foreign policy. But on reflection, I decided that wasn't quite right. I prefer the term that most of us do use: "bipartisanship." Parties make our system work. Our political leaders and legislators are strong-minded individuals, but our democratic process works by the contention of ideas, organized around two parties, tempering policy by the heat of debate. Bipartisanship means that our parties care about an issue, work it through by the process of compromise, and then unite behind the policy that has been formulated. From debate comes conviction and the commitment to execute the policy. Our objective is bipartisanship, and that comes out of the partisan process of competition.

The principles and goals of American diplomacy are founded on our nation's enduring ideals and interests; these do not change from year to year

or from administration to administration. Naturally, it is easier to agree on these basic principles and goals than on the specific actions in specific situations. Our disagreements on tactics generally reflect honest differences of judgment on how best to advance our nation's interests. Bipartisanship does not require Americans to abandon their convictions. But it does require all of us to give greater weight to the importance of national unity in meeting foreign challenges.

Recent experience makes quite clear that without a reasonable measure of consensus—between Congress and the President and between our two parties—this nation cannot conduct an effective foreign policy. The art of foreign policy is to shape events, not just to react to them. This requires consistency, coherence, discipline, and a sense of strategy. These qualities are not easy for democracies. But to carry out our responsibilities as leader of the free world, America needs these qualities. National unity on the basics of our foreign policy is essential to international security.

Lessons of History

Let me touch on a few lessons of history.

THE SECRETARY

A bipartisan foreign policy achieved great things in the years after World War II, such as the Marshall Plan, NATO, and the foundation of the world economic system. In the past 15 years, under four Presidents and eight Congresses, we have opened and strengthened relations with the People's Republic of China. But at other times, partisanship and domestic division have seriously harmed our interests, notably in the defeat of the Versailles Treaty in 1919 and during the periods of McCarthyism and then Vietnam.

I firmly believe that we are now in a period of reemerging national consensus on the main elements of our foreign policy. This consensus is based on the enduring ideas, ideals, and interests of our country: peace, democracy, liberty and human rights, racial justice, economic and social progress, international cooperation, and the rule of law. These principles are America, and they inspire peoples and nations around the world. We believe we have the right and the moral duty to defend them. They translate into some fundamental foreign policy objectives.

As the most powerful country in the world, we have recognized our responsibility for helping to ensure international peace and stability. The threat to peace comes from many sources. It comes from regional conflicts and from poverty and oppression as peoples the world over strive for justice and freedom. The American people also recognize that the Soviet Union is an imperial power, driven by ambition and an expansionist ideology. We try to play a positive role to resolve those problems I referred to earlier; the Soviets, however, exploit them for their own ends.

To ensure peace and stability, we maintain the military strength necessary to deter aggression. As President Truman said in his State of the Union Address in January 1948: "World stability can be destroyed when nations with great [defense] responsibilities neglect to maintain the means of discharging those responsibilities." President Truman was right. Modernization of our defenses is essential. In addition, we are partners with other free nations of the world to deter aggression. The North Atlantic alliance; the Rio pact with the countries of Latin America; our treaties with Japan, the Republic of Korea, the Philippines, Australia, and New Zealand; our close ties with Israel; our friendly relations with many other countries—each serves our security as much today as in earlier years.

Despite our profound differences with the Soviet Union, the American

people recognize that we have a common interest in averting nuclear holocaust. Every President in the nuclear age has sought negotiations to control nuclear weapons and to reduce the danger of war. We must continue to resist Soviet encroachments firmly while holding open the door to more constructive relations. In the past, we have tended to alternate between building up our strength and negotiations. But both must go together. That is the consistency and coherence that should discipline our strategy.

We cannot move along the track of negotiation without simultaneously moving along the track of strength.

An example is NATO's dual-track decision of December 1979, made under the Carter Administration. We and our allies agreed to deploy 572 Pershing II and ground-launched cruise missiles in Western Europe as a deterrent to the major Soviet deployment of new SS-20 missiles. We also agreed simultaneously to pursue negotiations with the Soviets in what became known as the talks on intermediate-range nuclear forces, or INF. Rather than negotiate in good faith, the Soviets tried to stop our deployments with specious appeals to Western publics, alternating with undisguised threats. When our deployments began, the Soviets walked out of the talks. But seeing the failure of their tactics in the face of allied unity, the Soviets have returned to the table for new negotiations.

This is the same unity we need at home. We cannot move along the track of negotiation without simultaneously moving along the track of strength. These are the lessons of INF. INF is also an example of an important policy formulated under the administration of one party and carried out under another, with full support by the Congress.

Another objective on which we have wide agreement is America's role in helping to find peaceful solutions to regional conflicts. One critical area, with more than its share of tragedy and danger, is the Middle East. Presidents of both parties have pursued consistent efforts to mediate the Arab-Israeli

dispute. President Reagan's initiative of September 1, 1982, built upon the Camp David accords so brilliantly negotiated by the Carter Administration. And the precursor of Camp David was Henry Kissinger's shuttle diplomacy in 1974 and 1975 that helped achieve two disengagement agreements between Egypt and Israel and one between Israel and Syria.

In southern Africa, the United States plays a key role as we pursue the dual objectives of racial justice and regional security. Here, too, there is continuity and a basic consensus on objectives. All of us agree that apartheid in South Africa must go. We all want to see peaceful change toward a more just system. We also agree that cross-border violence in the region should be reduced, as it has been in the last few years. And we agree that Cuban/Soviet military intervention has no place in Africa.

The American people also recognize that, as the world's greatest economic power, this country has a special responsibility for the health of the world economy. After World War II, with the Marshall Plan, Democrats and Republicans agreed to allocate billions in aid to the peoples of Western Europe, who were struggling to rebuild from the wreckage of the war. Since that success, the United States has given more than \$150 billion in economic aid around the world—a proud record of decency and generosity.

But we have also learned from experience that economic growth comes less from foreign aid than from sound national policies. Countries in the developing world that are doing well are those that are getting away from statist solutions and relying more on the market mechanism. After generations of fashionable Marxist mythology about the obsolescence of capitalism, it turns out that the free market—and the political openness it implies—are the real keys to economic progress.

Today, over 90% of the population of Latin America and the Caribbean lives under democratic governments—in contrast to only one-third in 1979. This heartening development should inspire us as we re-awaken to our historic interest and moral responsibility to promote and support democracy around the world.

U.S. Policy in Central America

This brings me to Central America. Here, too, there is really a deep and broad measure of consensus in this country about our nation's goals.

We have broad bipartisan agreement that U.S. policy in Central America should foster democracy, economic progress, social reform, and regional security. We also agree on the underlying economic and social causes of instability in Central America. In the past 4 years, 77% of our aid to the region has been economic, not military. At the suggestion of a giant of bipartisanship, the late Senator Henry Jackson, President Reagan in 1983 appointed a distinguished commission to find a basis for a bipartisan policy for the region.

Headed by Henry Kissinger, the commission included three leading Democrats: Robert Strauss, a former party chairman; Lane Kirkland, president of the AFL-CIO; and Mayor Henry Cisneros of San Antonio. As recommended by the commission, we have requested enactment of an \$8 billion aid program over 5 years. Congress has approved \$1.8 billion, and the authorization of the balance is in the foreign aid bills now pending. The Caribbean Basin Initiative to give countries of that area open access to the U.S. market is another example of bipartisan cooperation.

Thanks to the support of Congress, we are starting to achieve our goals in El Salvador, which has held four fair elections in 3 years. Under President Duarte, the army's performance is improving, human rights violations are down sharply, and the roots of democracy are growing. The guerrillas are weaker, and President Duarte is seeking a dialogue with them.

In all but one of the other countries in Central America, democracy is taking hold. Nicaragua is the one exception. Our policy toward that country has been hindered, to some extent, by misconceptions and confusion about our policies—not confused policies, but confusion about them. Political partisanship, I am compelled to say, also has burdened our task.

In truth, our policy today toward Nicaragua and the Central American region as a whole is grounded squarely in the ideals and interests that have guided postwar American policies. We seem to have general and growing agreement that the Nicaraguan communist regime poses a threat to the security of the region. We have general and growing agreement that, rather than fulfill the democratic promises of the 1979 revolution, the Nicaraguan leaders are increasing repression. We also seem to have general and growing acceptance that their huge military buildup and the large presence of

foreign communist military advisers in the country are obstacles to a peaceful settlement. The dispute in this country is about some of the tactics for addressing the problem.

Addressing the Nicaraguan Problem

One criticism sometimes heard is that we should negotiate rather than resort to force in resolving our differences with the Nicaraguan communist regime. We have, in fact, given strong support to the Contadora nations that are attempting to negotiate a comprehensive solution to the crisis. Indeed, this country has made a major effort to cooperate with Nicaragua from the outset. When the Sandinistas took power in July 1979, until 1981, we gave Nicaragua \$118 million in aid—more than they received from any other country. The Carter Administration initially halted our aid because of the Sandinistas' attempts to subvert El Salvador. Thereafter, we made major attempts to resolve our differences in August 1981 and April 1982, offering to restore aid if they would reverse their policies. The regime refused both times.

More recently, we held nine rounds of direct negotiations, conducted on our side by Ambassador Shlaudeman. Nicaragua's Roman Catholic bishops and its democratic resistance have called repeatedly for an internal dialogue and a cease-fire. President Reagan has supported this call; the Nicaraguan communists have refused.

The record demonstrates that the Nicaraguan leaders are already dedicated communists aligned with the Soviet Union.

A second argument occasionally heard is that we are driving the Nicaraguans into the arms of the Soviets. The fact that some were surprised by Daniel Ortega's journey to Moscow—his third in the past year—and to Eastern Europe the day after Congress voted against any kind of aid to the democratic resistance shows that we have a wide information gap, which needs to be closed. The record demonstrates that

the Nicaraguan leaders are *already* dedicated communists aligned with the Soviet Union.

- From the beginning, Nicaragua aligned itself with the Soviet bloc in the United Nations. Only 5 months after taking power, when our aid was still flowing in, for example, the Nicaraguan Government refused to condemn the Soviet invasion of Afghanistan. Nicaragua has voted against us—and Israel—on every issue.

- In March 1980, when our aid was still flowing in, Mr. Ortega made his first visit to Moscow, where he signed a political cooperation agreement with the Soviet Communist Party. This was like the party-to-party agreements the Soviets sign with foreign communist parties.

- The regime's internal policies of censorship, oppression of the Roman Catholic Church, hostility to the private sector, its massive military buildup, and widening control of the population add up to an effort to consolidate totalitarian control. The regime is also connected with drug trafficking and terrorism.

- The large influx of communist military personnel began in January 1980, only months after the revolution. Today there are 50-75 Soviet military and 150 civilian advisers in the country. There are 2,500-3,500 Cuban military and security personnel and 3,500-4,000 civilian advisers, as well as personnel from other communist countries, Libya, and the PLO [Palestine Liberation Organization].

- As documented in the House Intelligence Committee report of May 1983, the Salvadoran communist guerrillas have their command-and-control center outside Managua and receive vital logistics support from Nicaragua. Documents captured with a guerrilla leader in April provide extensive new evidence of Nicaraguan support for the Salvadoran communists.

- Comandante Bayardo Arce, the regime's chief ideologist, in May 1984 gave a secret speech, revealed last July, in which he said, "[t]he Nicaraguan people are for Marxism-Leninism." Arce explained the Nicaraguan strategy of neutralizing American opinion by hiding behind a facade of progressive rhetoric. This is similar to the policy of the late Maurice Bishop's regime, as revealed in documents we captured in Grenada in 1983. These documents are highly illuminating in what they reveal of communist tactics to manipulate our media and our democratic ideals.

THE SECRETARY

I understand the desire of our critics to find a peaceful accommodation. I share their desire. But the critics err in failing to see the Nicaraguan communists for what they are. Mr. Ortega is a man who, in Warsaw on May 9, described our policies as "fascist" and said he suspected that during World War II President Reagan "had Hitler's portrait hanging in his room." Even the Polish Government felt it necessary to withhold such comments from general circulation. Two days later, at a press conference in Madrid, Mr. Ortega again compared our President to Hitler. [Spanish] Prime Minister Gonzalez had to remind his guest that the United States had liberated Europe from the Nazis.

Critics of U.S. military aid to the Nicaraguan freedom fighters would hold back the most effective lever we have on the communist regime. In fact, some oppose the use of economic sanctions or any other lever. They seem to think that aid to refugees, as the Barnes-Hamilton amendment in the House would have provided, is a bargaining lever. All this would do is turn the freedom fighters into refugees.

Some say they would favor the military option if all else fails and a real threat comes. But by refusing to help the freedom fighters, even with humanitarian aid, they are hastening the day when the threat will grow and when we will be faced with an agonizing choice about the use of American combat troops. That is not our policy, and I am sure it is not their intention. We want a negotiated settlement, but like all adherents of the postwar bipartisan consensus, we understand that negotiations, especially with communists, cannot succeed unless backed by strength.

Further, a failure to aid the freedom fighters endangers the progress that has been made in El Salvador. President Duarte said he is "very concerned" by Congress' action last month. How paradoxical that those who purport to back President Duarte are, at the same time, giving the Nicaraguan communists a free hand to undermine him.

A third argument is that in helping the freedom fighters we are supporting the *Somocistas*. In truth, the opposition is led by former opponents of Somoza, many of whom fought or worked with the Sandinistas to overthrow Somoza. Arturo Cruz, who served on the revolutionary junta and in 1981 as Ambassador to the United States, was the presidential candidate of the unified opposition last November, although he was not permitted to run; Alfonso Robelo,

head of the Democratic Revolutionary Alliance, was one of the original five members of the junta in 1979; Adolfo Calero, commander in chief of the Nicaraguan Democratic Force (FDN), the largest resistance group, was once imprisoned by Somoza for directing a general strike. Five of the six leaders of the FDN were long-time civilian opponents of Somoza. I could go on.

The so-called *contras*, along with others, are, in fact, the democratic resistance of Nicaragua. They comprise about 15,000 men and women—many peasants—in a country of only 2.9 million. That would be equivalent to over 1 million Americans under arms; clearly, it is a popular revolt.

When communist countries back communist guerrillas against democratically elected governments, as in El Salvador, should not the United States back democratic forces fighting for their freedom against a communist regime? How is it that we can all agree on our obligation to aid the freedom fighters in Afghanistan or the anticommunist guerrillas in Cambodia, but are so divided over aiding freedom fighters near our very borders? There is no logical distinction.

Thus, we face a situation nearby where communists exploit poverty and oppression to try to impose a police state allied to Cuba and the Soviet Union. We at first extended the hand of friendship and have offered repeatedly to negotiate, but our offers have been spurned. The freedom fighters, of course, are not perfect—I can tell you from personal experience that no one in war is. But recent history—notably in Vietnam and Iran—has abundantly demonstrated that the side we back has been far, far preferable to the communist or other revolutionary alternative. Can anyone doubt what would be the response of President Truman, Senator Vandenberg, General Marshall, Secretary of State Acheson, Presidents Eisenhower and Kennedy, or Senator Henry Jackson—all champions of a bipartisan foreign policy?

Obstacles to a Bipartisan Foreign Policy

Our policy to foster peace, freedom, and economic and social justice in Central America, including Nicaragua, cannot succeed in a climate of bitter partisanship here at home. Members of Congress have every right to travel to Nicaragua to review the situation, but we cannot conduct a successful policy when they

take trips or write "Dear Comandante" letters with the aim of negotiating as self-appointed emissaries to the communist regime.

Bipartisanship must include the recognition that we have only one President at a time. Under the Constitution, the President alone conducts foreign negotiations. In addition, at times he has to make critical decisions quickly and decisively. Bipartisanship should mean an acknowledgment of the burden that rests on the President's shoulders. In October 1983, after news of the Grenada rescue mission was announced, several Members of Congress took the floor to denounce our action even before I went up to Capitol Hill that day to brief them. A few even proposed impeaching the President for the mission. But when they learned the facts that the President had and saw the overwhelming support of the American—and Grenadian—people for the operation, many came to regret their criticism.

The cynical, obstructionist brand of party politics has no rightful place in national security policy. America would do better to recover the cooperative spirit of Senator Vandenberg and the other great Americans—of both parties—who built the security and prosperity of the postwar world.

Conclusion

These great Americans who forged our bipartisan foreign policy 40 years ago set an example of patriotism and devotion to the national interest that should inspire us today. The need for such a policy is as great today as it was then. Indeed, with the growth of Soviet power, it is even greater. We—and other peoples—have paid a heavy price for past divisions in this country.

The American people are in broad agreement on the ideas, ideals, and interests that define America's role in the world. Naturally, there will be legitimate disagreements on specific issues. But we have made a good start on renewing a bipartisan consensus. We have more work ahead of us as we endeavor to restore fully, in principle and practice, the bipartisan conduct of foreign policy that so successfully safeguarded peace and freedom in the postwar era. The President and I are ready to play our part. We ask all Americans to join us.

¹Press release 115. ■

Relevance of Religion to World Issues

Secretary Shultz's remarks before the Conference on Religious Liberty at the Department of State on April 15, 1985.¹

I consider it a great privilege to have an opportunity to take a part in this important conference populated as it is by such a distinguished group, and dedicated as it is to a topic of such central importance.

In the early years of the 20th century, fashionable opinion probably would have dismissed the idea that the latter decades of this century would be a time of religious revival. The conventional wisdom of the time was that this modern age of reason and science could hold little room for something as supposedly "irrational" as religious faith. The mere fact that we are today holding a conference on religious liberty says something very important about the relevance of religion to the great issues of our time.

We see here in America, and throughout the world, that religion remains a powerful force. It inspires men and women of all races and nationalities; religious institutions hold the allegiance of hundreds of millions on every continent, even where these institutions are under attack by the state, even where those who dare express their religious faith risk persecution, ostracism, or even death.

We will have to leave to future historians the full explanation of this resurgence of faith in the modern age. Perhaps the social dislocations of an era of progress have strained people's inner resources which traditional values have traditionally buttressed.

Whatever the cause, the new vitality of religion represents a clear rejection of the "modern" notion that reason and science hold all the solutions to the problems of earthly existence, or that they can adequately fulfill mankind's spiritual needs. We may also be witnessing a rejection of another related modern idea—that all the answers to these human problems and needs somehow lie with the state.

The resiliency of the Catholic church in Poland, for instance, and the efforts of Jews, Christians, and many other groups to retain their religious identity in the Soviet Union, are clear evidence that communism's attempt to supplant religion with its own utopian ideology

has failed. No matter what hardships they may endure, men and women around the world are today bravely refusing to sacrifice their beliefs to the state.

This resurgence of faith is a welcome development. America's founding fathers well understood the importance of religious faith and values in our own society. They believed that the basic civic virtues, so necessary to a free, democratic society, could not be imbued in men and women by government. Government was meant to safeguard the rights and freedoms of the individual. But something else was necessary to instill the values and moral principles upon which a free society nevertheless relies. And that something else was religion. Religious values safeguard the dignity and sanctity of the individual. They teach us that we are all part of the brotherhood of mankind. They are a bulwark against the moral relativism, and even nihilism, that has at times threatened the modern world.

And the founders believed that the human spirit was a realm over which the government could not and should not hold sway. As John Locke wrote, "The care of souls cannot belong to the civil magistrate." When the founders called for the separation of church and state, therefore, it was not because they wished to elevate the political over the spiritual. They did not seek to replace religion with the state. On the contrary, what they feared was state control of the spiritual realm, in whatever guise. As Thomas Jefferson put it, "Religion is a matter which lies solely between man and his God . . . He owes no account to none other for his faith or his worship, [and] the legislative powers of government reach actions only, and not opinion." The founders wanted to protect the free society they created from the possibility of an intolerant, established church like that which they had fled in England. They were convinced that there had to be an inviolable realm of individual thought and action that is sacred, totally beyond and outside state control.

In short, they understood that a free society required religious liberty. For without religious liberty, what other aspect of individual thought can be spared? Once the border of that sacred realm is crossed, all freedoms inevitably become vulnerable.

What the American founders understood holds true today. Indeed, the close relationship between religious liberty and all other forms of individual freedom should be even more apparent to us in our own time.

In the totalitarian societies of the modern world we see that religion is always among the first targets of repression. Traditional dictatorships have often assaulted the church when they felt threatened by its participation in challenges to their authority. This is hardly excusable, but it is also not systematic. But in totalitarian societies, the notion that a man or a woman can have a greater loyalty to God than to the state is anathema. At the core of communist ideology is the idea that the rulers must arrogate to themselves the attributes of omnipotence and omniscience that religious believers ascribe to God alone. The utopia that all the major religions reserve for the next life was to be made here on Earth.

The "truth" had already been revealed, and it was the sole province of the state. In service to this awful myth, totalitarian rulers seek to impose the complete control of the state over **all** areas of life. And what they cannot control, they try to destroy.

We know, of course, that religious intolerance and repression are not limited to the communist totalitarian societies. Iran today, for example, has viciously suppressed religious minorities in a manner far exceeding in brutality any of the previous excesses of the Shah. Members of the Bahai faith have been killed, imprisoned, and persecuted, in violation not only of the universal principle of freedom to worship, but, ironically, also of the Islamic tradition of religious tolerance. Khomeini's rule is a blight on the history of Islam.

The myth in Khomeini's Iran is different from that of the communists in the Soviet Union, but the result is the same. The state knows the truth, and all who dissent are to be vanquished. The brutalities of Khomeini's regime against the Bahai show what happens to individual liberty when the state tries to control the thoughts and beliefs of its citizens, when it obliterates the distinction between the secular, political realm and the spiritual realm. We must never forget this important lesson.

In the late 18th century, the American founders had a vision: they wanted to create a free society where all men and women could worship as they please, openly, without fear of threats to their lives and livelihoods.

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Today, 200 years later, we, too, have a vision: we want to see the hopes and dreams of those yearning for freedom throughout the world become reality. We must recognize, as the founding fathers did, that a central part of that freedom we seek to promote is freedom of religion. One cannot exist without the other. We must support, in whatever way we can, those around the world who seek only to worship God without fear of persecution, and who struggle against the state's efforts to control their thoughts and beliefs. Whether it is to be the rights of Jews in the Soviet Union to live as Jews, the

rights of Bahais in Iran to live as Bahais, the rights of Buddhists in Vietnam to live as Buddhists, we must lend our support, moral and otherwise, to this most basic of human needs.

All religions call upon us to recognize and respect the essential dignity, equality, and fraternity of all men and women. We are all equal in God's eyes; therefore, we owe it to ourselves, to the world, and to God to protect and promote religious liberty everywhere.

¹Press release 72. ■

Arms Control: The First Round in Geneva

by Paul H. Nitze

Address before the National Press Club on May 1, 1985. Ambassador Nitze is special adviser to the President and the Secretary of State on arms control matters.

On April 23, U.S. and Soviet negotiators completed their first round of talks on nuclear and space arms in Geneva. On that same day, in his speech at the Central Committee plenum, Soviet General Secretary Gorbachev criticized the United States for blocking progress in the negotiations. He alleged that we had refused to discuss the question of preventing an arms race in space. He charged us with violating the agreement reached in January by Secretary Shultz and Foreign Minister Gromyko to address the complex of issues in their interrelationship. Finally, he extolled the moratorium proposal introduced by the Soviets in the first round as providing a basis for progress.

Mr. Gorbachev's claims are without merit. The U.S. approach to the negotiations is specifically designed to pursue all of the agreed objectives of the talks, including preventing an arms race in space. It is the Soviets who, by focusing their energies on an attempt to derail SDI [Strategic Defense Initiative] research, are contradicting the January agreement to deal with all the issues in their interrelationship. The Soviet moratorium proposal does not provide a useful basis for progress. And it is the Soviet approach as a whole that is blocking U.S. efforts to facilitate movement in the negotiations.

Let me review the results of the first round and explain the basis for these conclusions.

Background

As you remember, the Shultz-Gromyko agreement in January established the parameters of the negotiations. They agreed that the subject is the complex of questions concerning space and nuclear arms—both strategic and intermediate range—to be considered and resolved in their interrelationship. The agreed objective is to seek effective agreements aimed at reducing strategic and intermediate-range nuclear arsenals, at strengthening strategic stability, and at preventing an arms race in space. The detailed work of the talks is being conducted in three negotiating groups addressing strategic nuclear arms, intermediate-range nuclear forces, and defense and space arms.

U.S. Approach

The United States approached the first round of the negotiations with four primary objectives in mind.

- The first of these is to seek equitable and verifiable agreements leading to deep reductions in offensive nuclear arsenals. These are the weapons that exist today and which, thus, pose the most immediate threat to our mutual security.

- Our second goal is to resolve our concerns about the erosion of the ABM [Anti-ballistic Missile] Treaty regime that has resulted from Soviet actions over the past decade and about Soviet

noncompliance with that and other existing agreements. We are determined to seek corrective action where violations have occurred.

- Our third objective is to lay out the U.S. strategic concept and engage the Soviets in a general discussion of the offense-defense relationship. Specifically, we want to explain how, over the long term—should new defensive technologies prove feasible—we hope to make a transition from the current situation, in which deterrence rests on the ultimate threat of devastating nuclear retaliation, to one in which nuclear arms are greatly reduced and increasing reliance is placed on defenses which threaten no one. We intend, when the Soviets are ready to join us in doing so, to begin discussions with them on our ideas as to how our two sides might jointly manage such a transition.

- Our final objective is to impress upon the Soviets that our ultimate goal, as the President has repeatedly stated, is the elimination of all nuclear weapons. The Soviet Union has long stated this to be its goal as well. We have no illusions that our two sides can quickly or easily agree on the practical steps necessary to reach this goal, but its importance makes it imperative that we persist. Were nuclear weapons to be eliminated, we would have to devote particular attention to how, together with our allies, we might counter and diminish the threat posed by conventional arms imbalances, through both arms improvements and arms control efforts.

At the beginning of the round, in meetings of the full delegations, the U.S. negotiators presented our assessment of the current strategic situation and our ideas on how we could pursue the agreed objectives of the talks. After 2 weeks, the delegations broke into the separate negotiating groups, and the detailed work began.

In the negotiating group on strategic offensive arms, the United States laid out its conceptual approach to achieving significant, equitable, and verifiable reductions in a manner that would improve stability. This approach includes substantial reductions in the number of warheads on, and the destructive capacity of, ballistic missiles, as well as limits on heavy bombers and the number of ALCMs [air-launched cruise missiles] they carry, below the levels set by SALT II [strategic arms limitation talks]. U.S. negotiators emphasized the broad authority they had been given by the President for working out means to reach that goal. They made it clear that it is the substantive outcome, more than

the method of achieving it, that is of primary importance.

The U.S. side also stressed that the United States is not trying to dictate the character of the Soviet force structure. We recognize that there are substantial differences between our respective nuclear arsenals and have, therefore, urged the Soviets to explore with us possible tradeoffs between areas of U.S. and Soviet advantage and interest. An example of such a tradeoff would be a provision allowing a Soviet advantage in ballistic missile capability in return for a U.S. advantage in bomber capability.

In the negotiating group on intermediate-range nuclear forces, the United States reaffirmed its preference for the complete elimination of all U.S. and Soviet LRINF [longer range intermediate-range nuclear forces] missile systems. We reiterated our willingness to agree, as an interim measure, to reduce LRINF missiles to the lowest possible equal global limits on warheads. Finally, in order to take account of previously expressed Soviet concerns, we renewed our willingness to consider a commitment not to deploy in Europe all of the LRINF missiles to which we would be entitled under equal global ceilings, to apportion reductions to be made in LRINF missiles between Pershing IIs and GLCMs [ground-launched cruise missiles] in an appropriate manner, and to discuss LRINF aircraft limitations. As in the strategic arms group, the U.S. negotiators emphasized their flexibility.

In the defense and space negotiating forum, we pointed out the instability that exists in the current strategic situation and the need for our two sides to address the problem. We stressed the importance we attach to reversing the erosion of the ABM Treaty regime. In that regard, we underlined the premium we place on treaty compliance in the arms control process and our concern about Soviet actions that violate the ABM Treaty and other existing agreements. Notable in this regard is their construction of a large phased-array ballistic missile tracking radar at Krasnoyarsk that, because of its interior location, orientation, and early warning capability, violates ABM Treaty constraints. We also explained to the Soviets our view on the relationship between offensive and defensive forces, the potential contribution of defensive forces to our mutual security, and how—if new defensive technologies prove feasible—we might manage a stable transition, over time, toward increased reliance on defenses.

In sum, the United States carried out its planned agenda in the first round. We explained our concerns created by the existing array of nuclear arsenals and put forth sound proposals to redress those problems. We outlined our vision of a safer and more stable future and explained our ideas on how such a future could be realized.

Soviet Approach

The Soviet approach to the first round contrasted sharply with ours. Where we sought deep reductions in existing nuclear arsenals, they proposed to freeze the current situation—with its existing imbalances—and address largely unspecified reductions later. Where we sought to explain our ideas on how increased reliance on defenses, should they prove feasible, might enhance strategic stability, they insisted on banning any new effort—even research—in the defense area.

The strategy underlying the Soviet approach seems clear. The Soviet Union is pleased with the current strategic situation. They possess substantial advantages in several key measures of strategic offensive nuclear power, especially in prompt counterforce capability. They hold a large advantage in the area of intermediate-range nuclear forces, particularly in longer range INF missile systems. Moreover, they have the only operational ABM system and have, until recently, enjoyed a virtual monopoly in research into advanced ballistic missile defense technologies. Finally, they have the only operational antisatellite system. They want to maintain this situation and, thus, are devoting their efforts to countering any change.

Their most important objective in this regard is to stop the U.S. SDI research program, which threatens to find counters which would negate many of their advantages, both offensive and defensive. Similarly, they wish to abort our strategic modernization program and roll back NATO's INF deployments. To this end, they attack and, thereby, seek to undermine support for these programs by characterizing them as exacerbating the "arms race," all the while remaining silent on the strategic buildup of the Soviet Union.

The centerpiece, thus far, of the Soviet strategy is their moratorium proposal, tabled early in the round in Geneva and publicized 3 weeks later by General Secretary Gorbachev.

With regard to offensive weapons, the Soviets propose a quantitative freeze on strategic arms and a moratorium on further deployments of "medium-range" missiles. These are the same old discredited proposals the Soviets surfaced in the past. They first raised a moratorium over 3 years ago in the INF negotiations, although, after supposedly invoking it on a unilateral basis in 1982, they continued construction of SS-20 bases already begun in the European U.S.S.R. and deployed new missiles at those bases. Interestingly enough, we see construction of SS-20 bases continuing again today, after Mr. Gorbachev's declaration of a new unilateral moratorium.

The Soviets subsequently proposed a moratorium in START [strategic arms reduction talks]. As we noted on those occasions, a moratorium would lock in the advantages the Soviets have gained in both strategic and intermediate-range nuclear arms as a result of their deployment of many modern systems during a period in which the United States has exercised restraint. Negotiating it would divert considerable time and attention from the more important goal of achieving deep reductions and would also directly undercut the prospects for achieving reductions, instead giving the Soviets incentives to preserve their advantages by perpetuating the freeze.

With respect to strategic defense, the Soviets propose a comprehensive ban on research and development, as well as on testing and deployment, of what they call "space-strike arms."

It is difficult to see how one could effectively or verifiably ban research. The Soviets have, in the past, agreed with this view, not only at the time of the negotiation of the ABM Treaty but also in January in Geneva.

How could one decide what research would lead to "space-strike arms" and, thus, cross over the line into the restricted category, and what research would not? It would be impossible to monitor the actions and thoughts of all the scientists and technicians in the research institutes and laboratories in every country of both alliances.

Moreover, SDI research holds open the one possibility of providing the means for a move to a more defense-reliant relationship, one that would be more stable and reliable for both sides. It makes no sense to foreclose such a possibility. Furthermore, such research is a powerful deterrent to a Soviet breakout from the ABM Treaty.

The Soviets themselves have clearly seen the value of researching new defensive technologies. They have devoted

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considerable time and resources to such an effort. This includes high-energy lasers—for example, at the Sary Shagan test center—and particle-beam weapons.

Why, then, do the Soviets propose to ban such research? The answer is simple. The Soviets are ahead in research on and deployment potential for nuclear-armed, ground-based ABM interceptors, and they seek to preserve and enhance these advantages. At the same time, the Soviets fear that the West's superior technological base could give us an advantage in the more exotic defensive technologies, and they want to prevent this. At worst, a mutually observed ban would leave them where they are today. Moreover, given the unverifiability of a research ban and the closed nature of their scientific community compared to ours, they very well might be able unilaterally to continue research on advanced defensive systems on a clandestine basis. From Moscow's point of view, such a monopoly in the area of strategic defense research would certainly be the most desirable outcome.

As for development, testing, and deployment of so-called space-strike arms, most of this is already covered by

provisions of existing treaties. The Outer Space Treaty prohibits the placing of weapons of mass destruction, including nuclear weapons, in space. The Limited Test Ban Treaty forbids the testing of nuclear arms in space.

Additionally, all systems—whether nuclear or otherwise—which have a capability to counter strategic ballistic missiles or their warheads at any point in their trajectory are subject to the ABM Treaty. That agreement prohibits the deployment of ABM systems in space or on the earth, except for precisely limited, fixed, land-based systems. Its provisions also cover testing and engineering development of such systems or their major components.

It, thus, appears that the sole space activity that is not covered by existing agreements is that of a narrow class of antisatellite—or ASAT—systems. This class is restricted to non-nuclear systems capable of attacking satellites but not capable of countering strategic ballistic missiles or strategic ballistic missile warheads. Were they capable of the latter, they would be subject to terms of the ABM Treaty.

In essence, we are talking about the Soviet co-orbital interceptor—the world's only operational ASAT system—and the aircraft-launched miniature vehicle system now under development by the United States.

Banning ASAT-capable systems presents difficulties. Once an ASAT weapon, such as the Soviet co-orbital ASAT, has reached operational status, it is questionable that one could assure that all such systems had been destroyed. Even were we to find a way to ban the declared U.S. and Soviet ASAT systems, most satellites would still be vulnerable to attack, especially by nuclear weapons. The existing Soviet Galosh ABM interceptors deployed around Moscow are capable of attacking low-orbiting satellites, which pose much easier targets than do ballistic missile warheads. In fact, any ballistic missile capable of lofting a nuclear weapon to orbital altitudes has some inherent ASAT capability.

Thus, we concluded, after carefully studying the Soviet moratorium proposal in the aftermath of its presentation in Geneva, that it does not provide a useful basis for progress in the Geneva talks.

U.S.-U.S.S.R. Negotiations on Nuclear and Space Arms

PRESIDENT'S STATEMENT, APR. 30, 1985¹

I have just met with our three senior negotiators in the Geneva talks. Ambassadors Kampelman, Tower, and Glitman² briefed me on developments in the first round which has just ended. We also had an initial discussion of our preparations for the next round.

These negotiations are among the most complicated and difficult ever undertaken, and it is clear that they will take time. But we find ourselves in the best position to achieve meaningful arms limitations that has existed in a generation. With patience, strength, and Western solidarity, we will succeed.

My Administration is committed to achieving verifiable and equitable agreements substantially reducing U.S. and Soviet nuclear arsenals. This is one of the most important and urgent tasks facing the international community, and we will not waver in our determination to achieve this goal. With our skilled and dedicated negotiating team, we are do-

ing our part, and, as long as the Soviet Union is similarly committed, there are grounds for optimism that agreement can be reached.

I am leaving later today for Europe, where I will take part in the economic summit in Bonn and meet with some of our allied leaders both there and in bilateral visits to Germany, Spain, and Portugal. In addition to the major economic issues which are on the summit agenda, my private discussions with these allied leaders will also cover security issues, including developments in Geneva. Our commitment, and that of our friends and allies, to our twin goals of peace and prosperity remains steadfast.

¹Text from Weekly Compilation of Presidential Documents of May 6, 1985.

²Max M. Kampelman, head of the U.S. delegation on arms control negotiations and U.S. negotiator on defense and space arms; John Tower, U.S. negotiator on strategic nuclear arms; and Maynard W. Glitman, U.S. negotiator on intermediate-range nuclear arms. ■

Soviet Allegations

In an attempt to buttress their position, the Soviets, during the first round, and Mr. Gorbachev, in his Central Committee plenum speech, accused us of violating the Shultz-Gromyko agreement in two respects. First, they charged us with failing to honor the commitment to address the complex of space and nuclear issues in their interrelationship, based on their novel definition of that term. The Soviets asserted that progress on the issues in the two groups dealing with offensive arms would be impossible unless the United States agreed to the Soviet proposal to ban "space-strike arms" and that, by failing to accept that ban, the United States was denying the interrelationship.

This charge is, of course, without merit. The United States is addressing all issues in their interrelationship. In fact, as I explained earlier, the offense-defense relationship is one of the principal elements on which our position focuses. Rather, it is the Soviet approach which violates the interrelationship agreement by insisting that the space issue be considered in isolation and by setting resolution of that issue—on the basis of their demands—as a precondition to serious negotiation on the other issues.

The second Soviet charge is that, by failing to agree to their proposal for a "space-strike arms" ban, the United States is reneging on its commitment to prevent an arms race in space. This charge is also groundless; preventing an arms race in space is exactly what our strategic concept envisages. The term "arms race" connotes a runaway competition between two sides, with each piling weapon upon weapon in an unbridled manner. What we propose is just the opposite—a stable transition to greater reliance on defensive systems, should new technologies prove feasible, managed jointly by the United States and the Soviet Union. Defenses would be introduced at a measured pace, in conjunction with progressively stricter limitations and reductions in offensive nuclear arms. The result would be that the two sides would have far fewer weapons which would use space as a medium for delivering nuclear destruction. The approach we foresee would be designed to maintain at all times control over the mix of offensive and defensive systems on both sides and, thereby, increase the confidence of the sides in the effectiveness and stability of the deterrent balance.

Steps Backward

Beyond pressing these baseless charges, pushing their moratorium proposal, and showing little interest in exploring U.S. proposals, the Soviets provided little of substance and few specifics during the round. Of the specifics that were offered, many represent steps backward from previous Soviet positions.

For example, in the START negotiations in 1983, the Soviets expressed willingness to consider permitting some deployment of air-launched cruise missiles. Their current position calls for a ban on all cruise missiles with range exceeding 600 kilometers, regardless of basing mode.

In the INF talks in 1983, the Soviets offered a freeze on SS-20 deployments in Asia; now they insist on having no constraints on these systems, which, due to their range and mobility, are capable of striking Europe in addition to threatening U.S. friends and allies in Asia. Similarly, in 1983, the Soviets showed considerable flexibility regarding the U.S. aircraft on which they would require limits; now they have returned to their earlier and far more strident demands.

In the January meeting in Geneva, Gromyko acknowledged that limits on strategic defense research would not be

verifiable; the Soviets, nonetheless, now propose banning such research.

Also in the January meeting, Gromyko included the Moscow ABM system in the Soviet definition of "space-strike arms"; at the negotiating table, the Soviets specifically excluded that system from their definition and, thus, from their proposed ban.

Finally, in the antisatellite talks of 1978-79, the Soviets acknowledged that neither limits on ASAT research nor a comprehensive ASAT ban would be verifiable; in Geneva, they called for a ban on such research and for a total ASAT ban—again, despite the lack of verifiability.

In sum, the Soviets took a predictably hard line in the first round. Their principal objectives were clearly to discredit the U.S. SDI research program and to put maximum pressure on it by holding progress in all other aspects of the negotiations hostage to U.S. acceptance of the Soviet proposal on "space-strike arms."

Gorbachev's Warsaw Speech

In his speech last Friday in Warsaw, Mr. Gorbachev stated that the Soviet Union has "already suggested that both sides reduce strategic offensive arms by one-quarter by way of an opening move." He also held out the possibility of deeper mutual cuts.

Mr. Gorbachev was apparently referring to the Soviet proposal in the START negotiations of 1982-83. That proposal would have reduced strategic nuclear delivery vehicles by one-quarter from the initial level permitted under SALT II—from 2,400 to 1,800. However, the Soviets did not accompany it with a proposal for reductions in those measures of strategic capability which would, in fact, enhance strategic stability—the number of ballistic missile warheads and ballistic missile destructive capacity.

Contrary to the public impression created by Mr. Gorbachev, the Soviet Union has made no proposal for reductions in strategic forces in the new negotiations, nor has it even gone so far as to resubmit its old START proposal. In fact, during the first round, the Soviets refused to respond to efforts by U.S. negotiators to ascertain details of their position on this subject.

We would, of course, welcome and examine seriously any concrete Soviet proposals for substantial, balanced, and stabilizing reductions in strategic forces. As I said earlier, U.S. negotiators have broad authority to negotiate approaches that meet the interests and concerns of

both sides. We encourage the Soviet Union to substantiate Mr. Gorbachev's claim by introducing a proposal in the next round at Geneva.

Future Prospects

The Soviet behavior in the first round was consistent with their historical approach to arms control negotiations. That strategy is to combine tough bargaining at the negotiating table with a hard-nosed public propaganda campaign designed to undercut support for U.S. and NATO positions and force unilateral concessions. Until they realize that their propaganda campaign is not working—that is, that U.S. concessions will not be made unilaterally—the Soviets will not be prepared to negotiate seriously.

Accordingly, in the near term, we can expect the Soviets to continue to protest publicly about the SDI program and alleged U.S. designs to accelerate the arms race, especially by spreading it into space. We can also expect them to sustain their efforts to drive a wedge between the United States and its allies, particularly by exploiting any perceived signs of weakening in allied unity on defense or arms control issues.

What we in the West must do to bring the Soviets to a more serious tack is, in parallel with our efforts at the negotiating table in Geneva, to demonstrate the political will and ability to maintain the necessary capabilities effectively to deter them. When the Soviets recognize that they will attain no exploitable military or political advantages from their military buildup and that unilateral concessions will not be forthcoming, they may then welcome a serious discussion of how we could take practical steps toward our agreed objectives of preventing an arms race in space and terminating it on earth, limiting and reducing nuclear arms, and strengthening strategic stability.

When the Soviets are ready for such discussions, we believe those talks can be productive. Although the issues in Geneva are many and complex, we are convinced that we have formulated good proposals that provide a sound basis for mutually beneficial agreements. Moreover, the President has provided our negotiators unprecedented flexibility to explore various avenues toward the equitable outcomes we seek. Accordingly, despite our realization of the difficulties ahead, we are hopeful that, with patience and persistence, we can achieve a result that will benefit all mankind. ■

Security for Europe: Stockholm Revisited

by James E. Goodby

The following is an article reprinted from the February 1985 issue of NATO Review. Ambassador Goodby is head of the U.S. delegation to the Conference of Confidence- and Security-Building Measures and Disarmament in Europe (CDE).

In the June 1984 issue of *NATO Review*,¹ I discussed the Stockholm Conference on Confidence- and Security-Building Measures and Disarmament in Europe, then in its sixth month. I reported that "the 35 nations of the Stockholm conference are beginning the process of deciding, incrementally, what to make of this new forum."

Now, as it enters its second year, is an appropriate time to describe how the decisionmaking has proceeded and to comment on the prospects for the conference.

Two weeks before the close of the fourth and final round of 1984, the Stockholm conference passed an important milestone. It agreed on a working structure to encourage a detailed and concrete exchange of views finally to get under way. Technically, this procedural decision was a small step. But it was a step which normally is a precursor of serious negotiations and sometimes has been a harbinger of a successful outcome, although this cannot yet be assumed for this conference. But this procedural agreement is, at least, an indication that 1985 will see the Soviets intensely engaging, with the rest of us, in a discussion which increasingly should become a real negotiation

Working Groups

The solution to the question of a working structure for the Stockholm conference was already apparent last July in a Swedish proposal for the establishment of two groups, the first to deal with measures on notification and observation of out-of-garrison military activities and the second to deal with all other proposals. The agreement finally reached, with the help of the Finnish delegation, retains this two-group structure and, informally, assigns the various

proposals before the conference to specific time slots each week for discussion purposes. It reflects the Western willingness, expressed repeatedly, to discuss all proposals. It emphatically does not mean acceptance of all proposals or any recognition that all of them are suitable subjects for negotiation in the conference.

In particular, the participants in the conference agreed in writing that discussion of a proposal in the working groups does not prejudice the right of each delegation to assess the conformity of the proposal with the mandate of Madrid—the document in which the participants defined the proper scope of the negotiations in Stockholm. The conference thus is moving to a phase of detailed discussion of proposals with a view to determining which among them have any hope of achieving an ultimate consensus. If this process is successful, the next phase will be to negotiate texts of the various provisions which will become the concluding document of the conference.

This new arrangement should facilitate businesslike discussions, but it will not guarantee progress. If the Soviet Union uses the working groups only to promote ideas which are clearly non-negotiable in Stockholm, this new structure will be no more fruitful than the formal plenary arrangement. The first indications in the working group discussions are that this structure has fostered a more informal and useful dialogue, in which elements of the Soviet and other delegations' positions previously unknown to us have begun to emerge. But the indications also point to difficult and protracted debate before the conference reaches the phase of detailed negotiations on generally agreed ideas.

Reaffirming Stockholm's Goals

The agreement on improved negotiating arrangements is the only outwardly visible result of a year marked by impasse and, in the words of more than one observer, "a dialogue of the deaf." But the year also saw a process of debate and discussion, in plenary sessions and corridors, about the nature of the Stockholm conference and its role in the security affairs of Europe. From this debate, there came renewed support for

the simple proposition of the Madrid mandate: The purpose of the Stockholm conference is to enact practical arrangements and procedures to increase cooperation in military affairs among all the participating states aimed at reducing the risk of military confrontation in Europe. Most agreed, as Norway's Johan Jorgen Holst has elegantly put it, that "confidence-building measures should be viewed as elements for peaceful change of the post-war political order in Europe towards a more open, equitable and co-operative order."

This conclusion may seem self-evident, especially since the conference had before it a carefully negotiated mandate to guide its work. But it was far from self-evident early last year when the Stockholm conference got underway. At that time, the Soviets advanced a number of proposals, many of which had little to do with the practical business of confidence-building and less to do with "a more equitable and cooperative order" in Europe. Some of these proposals were off-the-shelf items, so-called political proposals, from their inventory of propaganda appeals. Some proposals cut across useful and promising work being done elsewhere. Many were hardly in conformity with the Madrid mandate, even by generous definitions. Most would clearly disadvantage the West. Had the Stockholm conference followed the path initially envisaged by the Soviet Union, the conference, at the least, would have been denied any opportunity for meaningful work. In the long term, a conference so slanted to the interests of the Soviet Union could have served as "machinery to alter to its advantage the postwar political and strategic order in Europe . . ." as Pierre Lellouche, of *L'Institut Français des Relations Internationales*, has warned. At the beginning of 1985, however, it seems that the Stockholm conference stands a good chance of serving the useful purpose which many—East, West, and neutral—see in it; that is, as President Reagan put it last June, to take "actions which build effective barriers against the use of force in Europe."

The Conceptual Center of Gravity

A brief examination of the proposals being discussed in Stockholm may serve to reveal the general trend. In all, five sets of proposals were submitted during 1984. In addition to those of the Atlantic alliance, proposals were advanced by Romania, by the neutral and nonaligned states, by the Soviet Union, and by Malta.

In January 1984, the members of the Atlantic alliance proposed a set of six mutually reinforcing confidence-building measures: an exchange of military information; an annual forecast of military activities; notification of military activities; observation of military activities; compliance and verification; and development of means of communication. The objective of this set of measures is to put into place practical arrangements to make the European military situation more predictable and stable by clarifying the intentions behind the military activities that take place on the continent. As the allies see it, these arrangements would prevent crises arising from miscalculation or misinterpretation, or help contain such crises should they occur.

Romania's proposals were important for several reasons. They included elements related to the Soviets' "political proposals," but they also included interesting ideas on confidence-building designed to strengthen the measures already found in the Helsinki Final Act.

The proposals submitted by the neutral and nonaligned countries deserve special attention because they have helped importantly to define the center of gravity of the conference. Nine of the 12 neutral and nonaligned proposals are very similar to those of the allies; they call, for example, for notification, observation, and exchange of information. The other three go beyond the alliance's approach in that they call for specific limitations, or constraints, on the way military forces could be deployed. In so doing, the neutral and nonaligned countries have identified a "gray zone" that lies between the stabilizing effect of the alliance's proposals and the arms reduction aims of traditional disarmament efforts. Their approach deserves—and is receiving—serious study.

One of the Soviet Union's own proposals also provided for confidence-building measures in a way which suggested some similarities between this proposal and the thinking of other delegations. But the Soviet Union seems still to hold reservations about the whole notion of "demystifying" military activities in Europe. The Soviets continue to charge the West with designing measures only to spy on them and to gain unfair military advantage. The Soviets seem to have some problems with the idea of cooperation which lies at the heart of the Stockholm conference, as, indeed, it lies at the heart of the Helsinki process, of which Stockholm is only a part. The need for

cooperation with respect to military activities was identified, not surprisingly, in the founding document of the entire process, the Helsinki Final Act of 1975, when it spoke of the "apprehension" which could arise in "a situation where the participating states lack clear and timely information about the nature of such activities." If the Soviet Union cannot go where the logic of this statement seems clearly to take us all, the outlook for Stockholm is bleak. The process of close examination and comparison of the specific details of confidence-building measures, however, is just beginning in the working groups. Perhaps the more concrete nature of that discussion will encourage a dialogue focused on real, rather than imaginary, issues.

The preceding discussion suggests that, in spite of the Soviet reservations, the down-to-earth objective of taking practical steps to reduce the risk of war enjoys the support of most of the states

participating in the Stockholm conference. It may even be said, with a touch of optimism, that a framework for an agreement is already in sight. President Reagan pointed the way to it in his address to the Irish Parliament on June 4 when he said that the United States would be ready to discuss the Soviet Union's interest in the principle of renunciation of force if the Soviet Union would negotiate practical measures which would give concrete effect to that principle. Since that day, although many delegations in Stockholm have spoken favorably of this concept, this invitation to a negotiation has not received much response from the Soviet Union. Since every element of an agreement based on the approach sketched out by the President can be found in ideas the Soviets themselves have advanced, perhaps it is not unreasonable to suppose that when Moscow is ready to negotiate purposefully at Stockholm, the

CDE Talks Resume

PRESIDENT'S STATEMENT, MAY 13, 1985¹

Tomorrow, May 14, the Stockholm Conference on Confidence and Security-Building Measures and Disarmament in Europe (CDE) enters its sixth round. The conference includes all the NATO, Warsaw Pact, and European neutral countries and is thus in a unique position to play a major role in improving East-West relations. I attach great importance to this conference.

The NATO countries have worked together at Stockholm to introduce a series of concrete confidence-building measures designed to make European military activities more predictable and more stable and to ensure that no weapons of any kind are ever used. These measures would require the mandatory notification and observation of all military activities above a certain level, together with appropriate verification measures, such as information exchange and on-site inspection. They are designed to reduce the risk of war by miscalculation and misunderstanding, guard against a surprise attack, and increase significantly the political cost to any state which would use the threat of force to intimidate another.

This ambitious program has the full support of all the nations of NATO as

well as bipartisan political support here at home. The neutral and nonaligned countries of Europe also supported the general principles outlined in the NATO proposal.

In my address to the European Parliament last week, I urged once again that the Stockholm conference reach prompt agreement on this package of measures proposed by the NATO countries. And I reiterated our pledge that the United States is prepared to discuss the Soviet proposal on non-use of force in the context of Soviet agreement to concrete confidence-building measures. We hope the Soviet Union will give this serious consideration.

In Stockholm we have an opportunity to work in practical ways to reduce tension in Europe. The conference is now at a point where it could move into a more intense negotiating phase, if the Soviet Union is prepared to join the rest of the conference in negotiating meaningful confidence-building measures which go well beyond existing arrangements. In seeking this goal, Ambassador James E. Goodby, my representative to the Stockholm conference, has my full confidence and support.

¹Text from Weekly Compilation of Presidential Documents of May 20, 1985. ■

general contours of that negotiation may resemble what the President described last June.

Stockholm in Context

The Stockholm conference, of course, does not exist in a vacuum but, like most negotiations, is sensitive to the wider international atmosphere. It is also subject to the institutionalized linkage between security and all the other aspects of the Helsinki Final Act, all of which will be reviewed in Vienna in 1986. In his June 4 speech, President Reagan spoke of his desire "to build confidence and trust with the Soviets in areas of mutual interest by moving forward in our bilateral relations on a broad front." There is an opportunity in Stockholm, and in the Helsinki process generally, for the Soviet Union to join the West in improving East-West relations. The Stockholm conference has already become an important part of the process of dialogue and is well positioned to make a concrete contribution to cooperation and security in Europe. From today's vantage point, we can see that more clearly than we could even 6 months ago.

Summing up

The allies worked well together during 1984 to maintain their position and develop, with others, a practical, substantive, and coherent course for negotiations. In 1985 the allies will be ready to develop even further, and in detail, the measures they have presented to the conference. They have listened and responded to the ideas of others and, of course, will continue to do so. The time must come, however, to defer those ideas for which no support exists and to pursue those goals which are attainable and in everyone's interest. The sooner this happens, the sooner the decisive phase of the Stockholm conference can begin.

The agreement on a working structure means that the conference is entering a new phase in its work; this could even prove to be a turning point. It is clear, however, that the negotiating obstacles ahead are formidable and will not be easily or quickly resolved. Nonetheless, the opportunity now exists to advance the "flexible give-and-take negotiating process" President Reagan called for on the opening of the third session of the Stockholm conference. A substantive "point of departure" for negotiations has already been discerned by many delegations; now there is

available to the negotiators a structure to facilitate detailed comparison of proposals and to begin the process of bridging the gaps.

At the end of the first year of the Stockholm conference it is fair to say that there is very substantial support for the West's practical agenda and very little tolerance for the propaganda and "sloganeering" in which the Soviets have too frequently indulged. For the majority of participants, Stockholm offers a unique opportunity to achieve something which is not being tackled elsewhere: to build a network of cooperative arrangements, even across the barriers which divide Europe, which will operate in the interests of peace and stability. Even modest progress toward this end would be significant. Whatever the suc-

cess of other negotiations in reducing the levels of arms, Europe will remain a focus of substantial military force and of contending political and strategic interest for a long time to come. The Atlantic alliance stands for a reduction in the levels of military force and it firmly backs efforts to negotiate such an outcome. In Stockholm, the allies hope to show that security also can be served by cooperating in a system which promotes stability, which discourages the use of military force for political intimidation, and which stops potential crises before they can lead to confrontations or even to the war nobody wants.

¹Reprinted in the BULLETIN of Oct. 1984. ■

Protectionism and U.S.-Japan Trade

by Paul D. Wolfowitz

Statement before the Subcommittees on Asian and Pacific Affairs and on International Economic Policy and Trade of the House Foreign Affairs Committee on April 17, 1985. Mr. Wolfowitz is Assistant Secretary for East Asian and Pacific Affairs.¹

This is a good time to think and talk about U.S. economic relations with Japan. Actions since the beginning of the year—the result of the President's January 2 meeting with Prime Minister Nakasone—have produced a period of relative progress in addressing a number of the trade problems between us. Despite this, the striking increase in our bilateral trade deficit with Japan last year has provoked strong concern in the Congress, our business community, and the popular press. Pressures for protectionist action, which could have a major detrimental impact on this relationship as well as on the global trading system, have mounted to a dangerous level.

Our relations with Japan are too vital strategically, politically, and economically for us not to resolve current and underlying difficulties on an urgent basis. There is a need for urgent action, not to close U.S. markets but to open Japan's. We are determined to do this and are engaged in a comprehensive effort to realize these goals. Japan must also meet this challenge, as Prime

Minister Nakasone and Foreign Minister Abe have vowed to do.

My theme today is simple: the most serious threat to our domestic economy, the world economy, and our bilateral relationship is the swelling tide of protectionism. As the Secretary indicated last Saturday, protectionism is not a cure—it is a disease, and one that can spread like the plague. To counter this threat, the United States and Japan are working together urgently in a cooperative effort to remove barriers to imports in Japan. We are also cooperating to launch a new multilateral trade round to strengthen the world trading system.

It is important to ask a number of questions. What is our "trade problem" with Japan, and what are its causes? What is our strategy to deal with it? Why is this strategy different from previous efforts? What progress have we made to date? What are our prospects for future success? What conclusions follow?

Attitudinal Perspective

Let me briefly give some perspective on the attitude toward imports in Japan.

After Japan was opened to the West, Japan imported foreign products primarily to sell to foreigners living in Japan, not to Japanese. Businesses which catered to the domestic market

did not carry foreign goods. If something was considered to have merit for the larger Japanese market, it was manufactured locally. The attitude that foreign goods are imported to be sold to foreigners and, conversely, that imports are not really meant for Japanese or are not part of the mainstream of Japanese life, still lingers in sectors of Japan's economy. To the Japanese, imported products historically have always been expensive and exotic. They were not considered an alternative to a Japanese product; they were something apart.

After the war, when Japan began its march toward economic recovery, the Japanese Government implemented an "import-saving structure" to ensure that its precious foreign exchange would be used to import only those items most essential to industrial recovery. Japan's trade deficits in this period were high, and the bilateral trade balance with the United States ran overwhelmingly in our favor by 3 or 4 to 1. Duty rates on most imported products were high, either to limit the imports of "luxury" items or to protect recovering industries. Stores literally sold foreign goods "under the flag," placing little American, French, and British flags around the products to emphasize their foreign origins and to justify the high price charged. If you go into a Japanese department store today, you still will find little American flags or stickers around these products—again, to emphasize that they are somehow "different."

For more than 100 years, therefore, the attitude has developed that Japan will import only what it does not have—raw materials which it needs or products that it does not make. For other items, the preference—then, as now—was for local manufacture. In addition, many Japanese are convinced that direct imports are not suitable for the average Japanese: fit and finish will not be there; instructions will not be in Japanese; and they may not be able to get repairs made. This inability of the Japanese, including many government officials, to think of foreign products as equal and an alternative to Japanese goods, to be sold on the same basis rather than as something apart, lies behind much of the difficulty we have in opening the market.

In order to promote local manufacture—the preferred alternative to direct imports in both the Meiji and the postwar periods—Japan erected a wall of protectionist barriers. These included visible barriers such as high tariffs, quotas, or outright import and investment restrictions, and invisible barriers

such as various regulatory regimes, standards, legal cartels, and tax breaks. Local companies could grow in strength in a protected market sanctuary that allowed them to develop a base to eventually move out into foreign markets. These barriers stayed up long after the initial recovery of the Japanese economy. Following Japan's entry into the OECD [Organization for Economic Cooperation and Development] in 1964, foreign governments began putting pressure on Japan to remove those barriers. The government—then, as now—was caught between powerful competing forces: foreign criticism from its trading partners, and domestic forces which had an interest in the continuation of their protected status. Lowering these protectionist barriers has been an extremely emotional issue in Japan.

After continued pressure from the United States and other countries and multilateral trade rounds to reduce barriers, the great bulk of formal barriers (tariffs, quotas, and investment restrictions) to trade in Japan have been dismantled. Today, Japan maintains quotas on 27 product categories, compared to 490 quotas at the end of the 1960s. Japanese tariff rates, on average, are the lowest in the industrialized world; it also accelerated the tariff reductions negotiated in the MTN [multilateral trade negotiations]. Many Japanese state that their market is among the most open in the world.

Why, then, do we still have trade friction? There are many answers. One answer is the attitudinal aspect I have just described. Problems with market access, of course, are the most well-known cause. Another has to do with the structural aspects of the problem.

Structural Aspects

While the \$37 billion U.S. trade deficit with Japan has been the focus of attention in our bilateral relationship and the cause of much of the growing demand for protectionist measures, the more meaningful measure of Japan's external imbalance is Japan's overall trade surplus, estimated at \$44 billion in 1984. In short, these imbalances reflect an overreliance on export-led growth.

Even if we achieve everything we want on market access, that still will not eliminate our bilateral trade deficit with Japan because it is responsive to other major considerations such as exchange and growth rates. Another important factor, as Secretary Shultz stated in a

speech on April 11 in Princeton [see p.00], is the imbalance between Japanese savings and investment. The Japanese could reduce their trade surplus with the world by pursuing policies to offset the impact of their high savings rate.

Gross private saving in Japan is over 30% of GNP [gross national product]—about 50% higher than the average of the other OECD countries. (Net savings, after depreciation, is 16% in Japan, compared to only 2% in the United States.) This high rate of savings means low consumption. It also means that Japanese companies, and especially mature industries, must look overseas for growth. The excess of savings over investment, and the excess of production over domestic consumption, finds its way abroad. Or, to put it another way, under current conditions, Japan relies on an excess of exports over imports to maintain full employment. Exports at that level cannot but impact on the world trading system and on the United States, in particular—traditionally Japan's best overseas market.

As Secretary Shultz suggested in his Princeton speech, opening up investment opportunities within Japan would be one way to use savings resources and reduce the pressure to export. The needed decisions are more difficult for Japan politically than economically. The structural rigidities in the Japanese economy constrain access by even Japanese firms and investors. If the Japanese Government would improve incentives and reduce constraints that currently inhibit domestic and foreign firms from investing in Japan, all nations, especially Japan, would benefit. As the Okita report stated, "active measures (to encourage direct investment) will be needed in view of the fact that direct investment into Japan is currently much less than Japanese direct investment overseas."

Steps are already underway to liberalize the Japanese capital market so as to channel Japanese savings more efficiently to both foreign and domestic uses and to widen the financial opportunities facing Japanese firms. This agreement was reached last May and resulted from the understanding reached between the President and the Prime Minister during the President's visit to Japan in November 1983. This agreement was a landmark one, and the sector-intensive approach used to look at every aspect of these financial issues has been adopted as the model for the approach that we now are using in other sectors. As the capital market liberalization proceeds and as the international

role of the yen expands, we would expect the value of the yen more fully to reflect the strength of the Japanese economy. But Japan will have to deal with its savings-investment imbalance if its chronic imbalance in trade is to be corrected.

Are we singling out Japan for special attention? Prime Minister Nakasone answered this in his statement of April 9 when he said that: "It is Japan that most benefited from free trade," and "Therefore, it is Japan's fundamental national policy to cooperate with the world in fighting protectionism." The answer, then, is that Japan is not being singled out. It recognizes that it has benefited most from the global trading system, that it is now the number two economic power in the world, and that it must share the burdens and responsibilities of its position and do what is necessary for its

own people and for the world. In addition, the size and potential of Japan's market for our exports is another reason for us to pay particular attention to Japan.

Policy Response

Market access is another reason for our trade deficit with Japan. The United States and Japan are working together to deal with this problem.

The President and the Prime Minister agreed to a new approach in Los Angeles on January 2—the market-oriented sector-selective approach (MOSS). This new approach addresses the full array of barriers in a particular sector to eliminate any problems in the market system which inhibit import of any product or service in the sector. Through these negotiations, micro-economic concerns about products and services in particular sectors are being addressed in an intensive and comprehensive fashion. As Secretary Shultz and Foreign Minister Abe agreed on last Saturday, both sides will accelerate their efforts in the four sectors in recognition of the need to quickly resolve problems.

Initially, we are focusing on telecommunications, electronics, forest products (including paper), and medical equipment and pharmaceuticals. These were all launched during January and February. Telecommunications received the most attention because of the April 1 date for implementing the new laws in Japan which "privatized" NTT [Nippon Telegraph and Telephone] and liberalized the telecommunications market in Japan. Though much more needs to be done, there has already been significant progress, particularly if commitments for the future are fully implemented. These talks are being undertaken on an urgent basis.

Telecommunications

Progress in the area of telecommunications includes:

- Promises of expedited registration procedures for value-added networks in the near term; a commitment to eventual elimination of the requirement;
- Self-certification based on manufacturers' test data; no product testing or factory inspections; promises of independence of the new Japanese testing agency;
- Approval by type (rather than by lot); reduction of standards from 53 to 30; Nakasone-Koyama pledge to further reductions in less than 60 days, based on the principle that the choice of terminal

equipment and telecommunications protocols should be left to the user. These standards will be aimed at preventing "harm to the network," danger to the user, and cross-talk; and

- Safeguards against cross-subsidization; a promise of equal regulatory treatment; foreign company representatives on the advisory council on telecommunications.

Expert-level negotiations began April 15 in Tokyo to focus on telecommunications standards. We expect to hold "phase 2" telecommunications talks soon. These discussions will comprise a monitoring of the agreements reached during "phase 1," as well as continued discussions of possible barriers in other parts of this important sector.

Other Sectors

Here we have prospects for progress over the next few months in addressing successfully the items that we have already tabled for discussion. As Foreign Minister Abe stated April 13, good progress can be expected in electronics and medical equipment and pharmaceuticals. Our forest products talks (including paper) will recommence, given the Japanese Government's April 9 decision that it is now possible to discuss all issues, including the important issue of tariffs.

To date, actions have been agreed or are being considered in these three sectors:

Electronics:

- Copyright protection for software and semiconductors; and
- Proposed elimination of all tariffs on electronics.

Medical/Pharmaceutical:

- Acceptance of foreign clinical test data for medical items/drugs immune to "ethnic-based physiological differences";
- Resolution of the kidney dialysis machine reimbursement issue; and
- Ability of foreign producers to present their case to the new drug review committee.

Forest Products:

- Willingness to discuss "everything" (read tariffs) on forest products.

In addition, for issues which fall under telecommunications:

- Continuation of the GATT [General Agreement on Tariffs and Trade] procurement code and NTT agreement coverage to the new, privatized NTT until the end of 1986; and

Japanese Automobile Export Restraints

PRESIDENT'S STATEMENT, MAR. 1, 1985¹

I have today concluded a review of a number of elements of the U.S.-Japan trade relations, including Japanese restraints on the export of its automobiles and other market access issues. I have concluded this review believing in the wisdom of maintaining the principle of free and fair trade for the benefit of the world's consumers, and I will continue to actively support further liberalization of the global trading system.

In this context, it is my decision not to urge the Japanese to extend their voluntary export restraints on automobiles to the United States. I take this position in the spirit of the common understanding reached between me and Prime Minister Nakasone during our January 2 meetings in Los Angeles. As a separate matter, I would like to commend the improved performance of our own automobile manufacturers. In taking this action, I hope that we can look forward to reciprocal treatment by Japan concerning the high-level discussions underway between our countries in the weeks and months ahead.

¹Text from Weekly Compilation of Presidential Documents of Mar. 4, 1985. ■

- Freedom of private enterprises to purchase U.S. satellites, with Japanese Export-Import Bank financing available.

The U.S. negotiating teams have proposed actions in each of the sectors for negotiation. Outstanding requests are:

Telecommunications. Review to reduce to a minimum standards to "harm-to-the-network" criteria. Foreign Minister Abe agreed to accelerate this effort to try to complete the process prior to the Bonn summit.

Electronics. Full U.S. participation in preparation of industrial standards; acceptance of U.S. test data; more rapid issuance of patents with protection of information; streamlined customs procedures; a review of foreign exchange net clearing procedures; and access to Japanese Government-sponsored research and development projects with access to results.

Medical/Pharmaceutical. Approval of medical devices and pharmaceuticals based on acceptance of all foreign, including human, test data; speedy approval of chemicals that perform diagnostic tests outside the body; adoption of notification system for minor modifications of products; removal of restrictions on license transfers; delegation of customs authority.

Forest Products. Once restarted, we will want to discuss review of the depressed industry cartel law as it applies to the industry in Japan; acceptance of U.S. characteristics in Japanese standards for some goods; U.S. involvement in development of standards for some goods; acceptance of U.S. test data; reduction/elimination of tariffs in wood and paper products.

These are initial areas of interest which both sides will discuss. As we continue with the MOSS negotiations, additional areas of interest should appear.

We expect to hold the next round for all four sector talks shortly. It is important to keep in mind that we are engaged in a process—an intensive, high-level process which, over time, will bring the elimination of barriers in those sectors and, we hope, become a model for opening other sectors. These efforts should complement the plans recently announced by the Japanese Government on April 9.

April 9 Trade Measures

The Japanese Government made a number of important announcements on April 9.

The Prime Minister's Speech. In his unprecedented address to the nation, Prime Minister Nakasone said that:

- Japan must take "dramatic steps" to open its markets and protect the free trade system, of which "Japan has been the greatest beneficiary."

- Japan must expand imports.
- The Japanese market must be "free in principle, with restrictions as the exception."

- Japan must be "more like the world," leaving choice and responsibility to the consumer rather than the government.

Okita Commission Report. The Okita commission deals with the longer term, "macro" issues that impact on Japan's international economic position. It called for improved market access; greater domestic demand in Japan; encouragement of manufactured imports; and steady increase in official development assistance. It recommended abolition of industrial tariffs; tax reform to stimulate domestic demand; policy transparency; and a 5-day workweek.

The government's action plan, based on the commission's recommendations, will be announced in July.

Short-Term Measures. The Japanese Government announced also, on April 9, a number of short-term measures that cover issues outside the realm of the four MOSS sectors. Included were:

- Low-interest Export-Import Bank financing for imports of manufactures;
- Continued moves to liberalize capital markets and promote internationalization of the yen;

- Support of local governments to promote foreign investment;
- Acceptance of foreign lawyers, subject to reciprocity; and
- High-cube containers permitted on predesignated routes.

A Final Word

When Secretary Shultz and Foreign Minister Abe met this past Saturday, both agreed that our efforts to open Japan's markets will be redoubled on an urgent basis. Minister Abe also reaffirmed that concrete plans for implementing the Okita commission recommendations will be formulated by July. It is understood firmly on both sides that we must resolve urgently and successfully all of our trade problems. The threat of protectionism and the threat to our bilateral relationship are great.

Protectionist measures, and trade-distorting measures in general, are not really actions taken by one country against another country. Instead, they are actions that benefit one domestic group at the expense of other groups in the same country. It is disheartening, but not surprising, that protectionism's advocates are found in all nations and always have been, but that does not validate their cause. Their arguments, in whatever language they may be phrased, are founded on the same fallacies. Neither eloquence nor vehemence will alter the fundamental fact that protectionism is inevitably self-defeating. Protectionism is like a disease—not only pernicious but contagious. When it appears, it spreads and leaves a trail of economic disability.

Protection is often the outgrowth of government intervention in the market. Measures are designed to improve the income of a privileged group at the expense of others. These measures artificially distort the availability and price of goods. The result is that resources are used less efficiently, total output is reduced, and investment in other sectors lags. Protectionism hurts us as surely as it does the exporting country.

You will recall that last summer President Reagan refused to yield to demands for restrictions on copper imports. He recognized that the domestic copper industry suffered serious problems, but he also recognized that any benefit that might accrue to the copper producers would be more than offset by increased costs to those industries using copper as a raw material. Similarly, this year the President did not urge Japan to continue its restrictions on automobile exports, as the U.S. industry had regained its health. The restraints cost the American consumer as much as \$2,000 per car and affected other businesses, too. To maintain international competitiveness, U.S. firms need to have access to the highest quality and lowest cost products available. Imports benefit our economy, help to lower inflation, and even help to raise American competitiveness.

I know that today there are many who say that what they are proposing is not protectionism but retaliation, and retaliation that somehow has been "earned." This question of retaliation reminds me of one of President Reagan's favorite analogies. He said, if two people are in a boat and one of them shoots a hole in the bottom, it will not help the other person to shoot another hole in the bottom. Some call that getting tough, the President said, but he calls it getting wet. Our markets

are more open than most, but we have our share of highly protected, inefficient sectors. But to halt and reverse the tide of protectionism, it is obviously not sufficient to practice self-discipline just at home. We need the cooperation of the international trading community and, in particular, the cooperation of Japan. It is imperative that we resolve the current

trade friction in a way which strengthens the free trade system from which we all benefit. This is an urgent task and one to which the Administration is totally committed.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

South Korean Political Developments

by William A. Brown

Statement before the Subcommittee on Asian and Pacific Affairs and on Human Rights and International Organizations of the House Foreign Affairs Committee on March 5, 1985. Mr. Brown is Deputy Assistant Secretary for East Asian and Pacific Affairs.¹

The past 2 years of political stability and impressive economic growth in Korea have seen some encouraging developments toward the goal of a more open and democratic society. As Secretary Shultz said recently, Korea has a long way to go on this road. But it has been making progress, perhaps not as rapidly as many of us would like, but nonetheless taking steps in the right direction. This has included the release of large numbers of student demonstrators, the lifting of the political ban on all but 14 Koreans, permitting students to demonstrate on campus, and finally the holding of an election that permitted the most open expression of views in some years. On the international side I would like to recall the mature way the R.O.K. [Republic of Korea] dealt with two major crises: one when the Soviets shot down KAL #007 in September 1983 and second when a North Korean bomb shattered a South Korean delegation in Rangoon in October 1983. If the R.O.K. had mishandled these situations, it could have brought them—and presumably us—into armed confrontation with the north.

Political Progress

At issue in the post election period is whether the political progress will continue or whether, as has happened several times in recent Korean history, the government will feel threatened by

pent-up demands released by liberalization and reverse course. The next few months, with a victorious new opposition party in the National Assembly and student demonstrations likely to resume with the opening of the new semester in March, will be an important period. It will be a test of whether all sides can work toward an accommodation of the new forces at work in Korean society and whether they can do so in a spirit of tolerance and compromise.

On the side of moderation, however, there are some signs that modern day Koreans are aware of the stake they have in preserving and expanding their economic achievements and in assuring security for themselves and their families in the future. The general lack of violence that characterized an otherwise intense political campaign in early February is one such sign. Moreover, there is awareness of the need to foster the right atmosphere in order to prevent North Korean exploitation of political developments in the South and to further the North-South dialogue. The success of numerous international events such as the 1986 Asian Games and the 1988 Olympics that are scheduled in the next few years is also of great importance to Korea.

Concerning the most unfortunate incident at the airport which occurred when Kim Dae Jung returned to Korea on February 8 just prior to the election, we strongly protested the use of unnecessary force against Congressmen [Edward F.] Feighan and [Thomas M.] Foglietta and other members of the entourage. Our Embassy in Korea had anticipated that problems might occur in this emotional homecoming, where security for Kim might be a major preoccupation, and it had worked long and hard to arrange a scenario with the Ministry of Foreign Affairs to handle the arrival in the best possible way. Unfortunately, key elements of that

scenario were not honored by Korean security officials at the airport nor was a planned briefing of the entourage by a Korean Government official on the plane from Toyko to Seoul carried out. An unfortunate breakdown in communications and understanding on all sides resulted. The Korean Government, responding to the Embassy's note of protest, made a formal expression of regret February 21 concerning the airport incident as it involved American Congressmen and citizens. It also regretted that the original plan for the Embassy personnel's access to the exit ramp was changed.

Perhaps lost in the drama of the airport arrival was the fact that Kim Dae Jung did return home safely; moreover, he did not return to jail to serve the remainder of his prison term as originally R.O.K. Government officials indicated he would have to do. Concerning Mr. Kim's continued confinement to his home, we have publicly and privately expressed our hope that the current restrictions on him and 13 other Korean figures will be lifted as soon as possible.

The U.S. Government has encouraged political progress in the Republic of Korea and the peaceful transition of power in 1988. We will continue to do so during the period ahead, which is one of both great challenge and great opportunity for Korea. We will do so because we believe, as President Reagan said to the Korean people during his visit to Seoul in 1983, that "the development of democratic political institutions is the surest means to build the national consensus that is the foundation of true security."

North-South Dialogue

Regarding North-South relations, there have also been encouraging developments over the last year. As Deputy Assistant Secretary Monjo testified before you last year, we and the R.O.K. Government believe that the key to reducing tension on the Korean Peninsula lies in direct talks between the parties most immediately involved—North and South Korea. In 1984, for the first time in a decade, the prospect of progress on an inter-Korean dialogue brightened considerably.

Last spring there was a series of three meetings initiated by North Korea on the formation of a joint Olympic team. Those meetings took place in a highly charged atmosphere, not least because of the Rangoon atrocity carried

out by North Korean commandoes in October 1983, and ended inconclusively when Pyongyang announced its boycott of the Los Angeles Olympics. While both sides have since expressed interest in further sports talks, Pyongyang has yet to respond to Seoul's November letter urging a meeting as soon as possible. This is especially troubling in view of North Korean opposition to Seoul as the site for the 1988 Olympics and South Korean concern that North Korea may attempt to disrupt the Olympics or the 1986 Asian Games.

The next major development in inter-Korean relations was unprecedented. In September North Korea offered disaster relief assistance for flood victims in the South, probably as a propaganda ploy as it had done in the past. In an attempt to create opportunities for dialogue, the R.O.K. Government decided to accept the offer. The result was the sight of North Korean trucks and ships arriving in South Korea on a peaceful, if propagandistic, mission and the reopening of the Seoul-Pyongyang "hot line."

Following the successful delivery both sides suggested further direct talks on a range of subjects. In November the first ever round of economic talks was held in a cordial atmosphere in Panmunjom shortly followed by working level Red Cross talks aimed at restarting the talks on family reunification that took place in the early 1970s. These preliminary meetings produced agreement to carry on with further talks. However, Pyongyang has since twice postponed scheduled meetings.

The pretext for the first cancellation involves what the North Koreans characterized as the "kidnapping" of a foreigner who strayed across the military line of control in the joint security area of the DMZ [demilitarized zone] on November 23. In fact a young Soviet language student seeking freedom dashed across the line of control amidst a hail of North Korean bullets and was initially pursued by North Korean soldiers into UN Command territory.

Talks were rescheduled for January, but early that month Pyongyang once again canceled the rescheduled meetings in reaction to the January 4 announcement of this year's annual joint U.S.-R.O.K. "Team Spirit" military training exercise which it characterized as incompatible with dialogue. I would note the "Team Spirit" exercises as defensive in nature, have been carried out annually since 1976, and that the North

Koreans and the Chinese were invited as observers for the fourth year in a row.

As always, North Korean motives for entering into and then postponing a dialogue with the South are difficult to assess and allow a number of interpretations. Pyongyang might, for instance, be involved simply in a propaganda campaign to improve its international image in the aftermath of the Rangoon bombing. If so, it would be natural for North Korea to stall the dialogue whenever it saw an opportunity to pin the blame on South Korea or the United States.

Alternatively, it could be argued that this was a serious attempt to reach some sort of accommodation with South Korea and the United States. In this connection, there are a number of dynamic factors discernible today that were evident during the last period of dialogue in the early 1970s. North Korea's economy is stagnant and lackluster in comparison to the South's buoyant economy. Pyongyang is also beginning to emphasize the need for trade, investment, and technology from the West and is in a period of transference of power from Kim Il-sung to his son Kim Chong-il. All of this would argue the need for a more stable and less hostile relationship with South Korea and the West.

U.S. Policy

We have publicly welcomed the beginnings of the North-South dialogue and have supported and encouraged what we would clearly characterize as a creative and flexible policy by the R.O.K. Government. Statements by Kim Il Sung and North Korean Foreign Minister Kim Yong-nam imply that Pyongyang remains committed to dialogue and that progress in the economic and Red Cross talks could lead to higher level political discussions. We sincerely hope this is true and that North Korea will resume talks with the Republic of Korea.

Yet we cannot and will not judge North Korea simply on the basis of professions of peace. Past periods of supposedly conciliatory moves by Pyongyang were often accompanied by crude attempts to strengthen North Korea's military position such as the DMZ tunnels or by violence such as the Rangoon bombing which coincided with Pyongyang's tripartite talks proposal. Currently North Korea continues its forward deployment of troops closer to the DMZ. There is also the matter of North Korea's illegal acquisition of Hughes

helicopters similar to those in South Korea with obvious potential use in offensive scenarios.

The last year has seen an increased prospect of reducing tension through direct North-South dialogue. As yet, however, the promise of the dialogue has not been redeemed and the talks have not yet produced substantial results and an actual reduction of tension on the peninsula. We are following the talks carefully and share the sincere hope with our South Korean allies that North Korea's actions will come to match its stated commitment to dialogue and peace.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Vietnamese Incursion into Thai Territory

DEPARTMENT STATEMENT, MAR. 6, 1985¹

On March 5, the Vietnamese Army launched a series of further attacks against Khmer resistance forces. The largest was directed against the headquarters of the Sihanoukist National Army at Ta Tum. During the attack, a large number of Vietnamese troops crossed the border into Thai territory, where they have been engaged by the Royal Thai Army. The United States strongly condemns these further Vietnamese violations of Thai territory.

Vietnam's offensive against the Cambodian resistance and the 250,000 Khmer civilians who have sought refuge along the Thai-Cambodian border from Hanoi's occupation of their country belie Hanoi's public claims that it seeks a political solution in Cambodia and improved relations with other countries, including the United States and its neighbors.

In the face of the difficult challenges confronting Thailand, we would emphasize our firm and strong commitment to Thailand's security and welfare. An expedited shipment of U.S. military equipment and supplies is now underway and is expected to arrive in Thailand early in April. Included in this shipment are armored vehicles, artillery, and other priority items needed to strengthen the Royal Thai Armed Forces.

ECONOMICS

The U.S. Government recently held discussions with the Thai Government to explore ways to further strengthen the logistics relationship between our two countries. We will be moving ahead with our programs to help strengthen Thailand's ability to defend itself. We

continue to take steps through our Ambassador in Thailand to help relieve the suffering of the innocent Khmer and Thai victims of these cruel Vietnamese attacks.

¹Read to news correspondents by Department spokesman Bernard Kalb. ■

OECD Ministerial Council Meets in Paris

The annual Council of the Organization for Economic Cooperation and Development (OECD) met in Paris April 11-12, 1985. The U.S. delegation was headed by Secretary of the Treasury James A. Baker III. Following are the texts of the declaration and final communiqué.

DECLARATION ON TRANSBORDER DATA FLOWS, APR. 11, 1985

Rapid technological developments in the field of information, computers and communications are leading to significant structural changes in the economies of member countries. Flows of computerized data and information are an important consequence of technological advances and are playing an increasing role in national economies. With the growing economic interdependence of member countries, these flows acquire an international dimension, known as transborder data flows. It is, therefore, appropriate for the OECD to pay attention to policy issues connected with these transborder data flows.

This declaration is intended to make clear the general spirit in which member countries will address these issues.

In view of the above, the governments of OECD member countries:

Acknowledging that computerized data and information now circulate, by and large, freely on an international scale;

Considering the OECD guidelines on the protection of privacy and transborder flows of personal data and the significant progress that has been achieved in the area of privacy protection at national and international levels;

Recognizing the diversity of participants in transborder data flows, such as commercial and non-commercial organizations, individuals and governments, and recognizing the wide variety of computerized data and information, traded or exchanged across national borders, such as data and information related to trading activities, intra-corporate flows, computerized information services and scientific and technological exchanges;

Recognizing the growing importance of transborder data flows and the benefits that can be derived from transborder data flows, and recognizing that the ability of member countries to reap such benefits may vary;

Recognizing that investment and trade in this field cannot but benefit from transparency and stability of policies, regulations and practices;

Recognizing that national policies which affect transborder data flows reflect a range of social and economic goals, and that governments may adopt different means to achieve their policy goals;

Aware of the social and economic benefits resulting from access to a variety of sources of information and of efficient and effective information services;

Recognizing that member countries have a common interest in facilitating transborder data flows, and in reconciling different policy objectives in this field;

Having due regard to their national laws, do hereby declare their intention to:

(a) Promote access to data and information and related services, and avoid the creation of unjustified barriers to the international exchange of data and information;

(b) Seek transparency in regulations and policies relating to information, computer and communications services affecting transborder data flows;

(c) Develop common approaches for dealing with issues related to transborder data flows, and when appropriate, develop harmonized solutions;

(d) Consider possible implications for other countries when dealing with issues related to transborder data flows.

Bearing in mind the intention expressed above, and taking into account the work being carried out in other international fora, the governments of OECD member countries,

Agree that further work should be undertaken and that such work should concentrate at the outset on issues emerging from the following types of transborder data flows:

(i) Flows of data accompanying international trade;

(ii) Marketed computer services and computerized information services; and

(iii) Intra-corporate data flows.

The governments of OECD member countries agreed to cooperate and consult with each other in carrying out this important work, and in furthering the objectives of this declaration.

FINAL COMMUNIQUE, APR. 12, 1985

(1) The Council of the OECD met on 11th and 12th April at Ministerial level. The meeting was chaired by the Rt. Hon. Joe Clark, Secretary of State for External Affairs of Canada, and the Hon. Michael Wilson, Minister of Finance for Canada. The Vice-Chairmen were Mr. Fernando Moran Lopez, Minister of Foreign Affairs of Spain, and Mr. Miguel Boyer Salvador, Minister of the Economy and Finance of Spain, and Mr. Sverre Stray, Minister for Foreign Affairs of Norway.

(2) OECD this year celebrates its 25th anniversary. Since it was founded it has played an important role in fostering international cooperation between its members and more widely. The present meeting, the first Council at Ministerial level with Jean-Claude Paye as Secretary-General, represents a further step along this road. The following text records the agreements reached.

(3) There has been a marked improvement in the general economic situation in the past two years. Recovery is proceeding broadly. Inflation has been substantially reduced. Business profits have increased sharply, as has investment in a number of countries. The significant increase in world trade has greatly benefitted both developing and developed countries. This increase has been led thus far by strong growth in the United States. Prospects are good that this country will achieve more moderate but sustainable growth. In Japan the expansion of output will stay vigorous. The process achieved in most European countries towards re-establishing a better equilibrium has improved prospects for continuing growth.

(4) Nevertheless urgent problems remain, and the policy actions to address them were discussed. The following interrelated concerns were highlighted.

(a) Persisting high levels of unemployment, particularly in a number of European countries, remain a cause for major concern. This concern is all the more acute since unemployment is increasingly concentrated on the young and on the long-term unemployed.

(b) The international financial and monetary situation remains uncertain—exemplified by persistent high real interest rates, growing imbalances in current account positions within the OECD area, exchange rate instability and continuing strains arising from the debt situation of some developing countries.

(c) World trade has increased but so have pressures for trade protection. Trade-related tensions persist. Progress towards strengthening the open multilateral trading system has been insufficient and uneven.

(d) Some developing countries have made significant progress towards achieving better growth. Many, however, still struggle with major domestic and external problems. The gravity of the situation in sub-Saharan Africa is a particular preoccupation.

(5) Prospects for a durable recovery would be reinforced to the extent that these concerns can be alleviated, thus strengthening the confidence upon which investment and economic dynamism depend. It is first of all necessary for governments to pursue domestic policies to improve the performance of their economies. There is also a collective responsibility to pursue policies that, taken together, will promote greater convergence of economic performance around a sustainable non-inflationary growth path, and to strengthen the open multilateral system. The following paragraphs represent a cooperative approach to this end.

(6) Overall Economic Policy Priorities.

The broad economic strategy that has been pursued in the OECD over the past several years is paving the way for durable growth without inflation, and thus provides the basis for higher employment. It stresses medium-term objectives rather than short-term considerations. It recognizes the importance of consistency and continuity in economic policies, and places particular emphasis on strengthening the capacity of economies to adjust and innovate by making markets work better. This thrust will be maintained.

(7) By building on the progress achieved, and by taking full account of the international repercussions of policies, a cooperative approach will both promote better international balance and improve domestic performance. Essential elements of such an approach include the need for all OECD members to: resist protectionist pressures; control government spending and where necessary reduce budget deficits; reduce structural rigidities as an important way of enlarging employment opportunities; and reduce major imbalances in international trade in goods and services. The following priorities for action by individual countries were seen as adding up to a better international climate while addressing domestic needs:

(a) Continuing budget deficits projected for the United States, while smaller than the OECD country average in relation to GNP, are large in absolute size and are leading to a rapid build-up of government indebtedness and a correspondingly rising burden of debt-interest payments. Correcting this trend would contribute to ensuring the sustainability of the expansion in the United States and hence elsewhere. Accordingly, the United States considers it an essential priority that rapid and decisive agreement be reached on measures that will bring about expenditure trends leading to the elimination of large deficits.

(b) The strong dollar, resulting from a variety of factors, has contributed to strong pressures for protection in the United States, by eroding the price competitiveness of U.S. producers; for both domestic and international reasons, the United States Government

considers it an essential priority that these pressures be resisted.

(c) The Japanese economy has consistently performed well. Mirroring to a considerable extent the United States position on international transactions, Japan is experiencing a large and growing surplus on trade in goods and services, accompanied by large capital outflows. Regarding this surplus and in order to reduce it and thereby contribute to a better international climate, Japan considers it an essential priority that the deregulation of its domestic financial markets be continued, that investment to and from Japan be promoted, that further access to its markets be facilitated, and that increased imports into Japan be encouraged.

(d) The situations of other OECD countries differ to some extent from each other, as do their priorities and possibilities for action. But, in general, the expansion and full exploitation of the potential for durable non-inflationary growth are needed to reduce unemployment. They are also needed as a contribution to better balance and sustainability of the world recovery and to a more stable international monetary environment. Thus, these countries consider it an essential priority that the whole range of policies be used and that the following actions be implemented in ways consistent with country situations and institutions;

(i) The adaptability of economies and the job-creating nature of growth must be strengthened; continued moderation in aggregate labor cost growth remains important in this respect. As further elaborated in paragraph 8 below, measures to improve incentives and increase opportunities by reducing rigidities in product, labor, and capital markets have a high priority for all countries. Reducing trade barriers in all sectors is an essential element of this approach.

(ii) Reduction of budget deficits remains necessary for many countries, and urgent for some. This may involve a broadening of the tax base. More generally, budget policies should continue to aim at improving the quality of public expenditure and at restraining the overall level of expenditure, coupled with action to lower taxes.

(iii) To the extent that dynamism on the supply side improves further, inflationary domestic imbalances are curbed, and exchange rate induced inflationary risks abate, real demand will strengthen. When appropriate, governments individually and collectively should support this in a framework of prudent monetary and fiscal policies. This support would be particularly important in the context of a weakening of external demand.

(8) **Priorities in Structural Adaptation.** The restoration of high levels of employment is a central policy objective which requires increased dynamism and adaptability of OECD economies, while strengthening the consensus for such a course by ensuring that structural change does not bear unduly on weak and low-income groups. It was agreed that coherent actions across the whole range of social and economic policies would contribute

to this goal in the medium term, and could increase confidence even in the short term. The Organization is deepening its review and appraisal of adjustment policies in accordance with last year's decision. The Secretary-General will undertake preparation of a study of member country experiences drawing on available research in this area; he will, in the near future, inform the Council at permanent level of plans for initiating this analysis. He will deliver a progress report at the next meeting of the Council at Ministerial level. There are also implications for action by the community at large, including employers and trade unions. Pursuit of consensus arrangements between the social partners may be helpful in some countries. The following are priority areas for action:

(a) Further strengthening the environment for the creation of new firms, investment, innovation, and entrepreneurship—in particular as regards small and medium-sized enterprises. Improved policies as regards regulation, education and training, competition, financial markets, and taxation have a major role. The reduction of subsidies which impede adjustment is likewise important.

(b) Further improving the functioning of labor markets by efforts of governments, labor and management: by reducing governmental obstacles that inhibit employment growth; fostering new approaches to collective bargaining that increase job creation through enhanced flexibility and appropriate wage formation, as well as fair distribution of economic welfare; promoting occupational and geographic mobility and the conditions that make it possible.

(c) Moderating disincentive effects of current tax-benefit systems while retaining appropriate levels of social transfers, and improving the effectiveness of social services and their responsiveness to changing needs.

(d) In response to the crucial problems of unemployed youth and the long-term unemployed, strengthening specific programmes that aim to upgrade skills, and provide work experience. The objective is to integrate those affected into the labor market, while maintaining adequate income support and reducing, wherever possible, artificial barriers limiting access to jobs.

(9) Ministers welcomed the report by the Organization on the costs and benefits of protection. It has provided further substantial evidence that protection has yielded few, if any, benefits but imposed very substantial costs, chiefly on the protecting country. Not only are restrictive trade measures an inefficient means of sustaining employment, they also delay much-needed adjustment.

(10) **Foreign Exchange Markets.** The improved functioning of the exchange rate system depends primarily on the pursuit of appropriate economic policies in all OECD countries. The actions identified in paragraphs 7 and 8 above are also expected to strengthen the basis for greater exchange-market stability. Co-ordinated intervention in exchange markets can at times be useful to counter disorderly exchange markets and reduce the volatility of market perceptions.

ECONOMICS

Ministers reaffirmed the importance they attach to the work undertaken by the Group of Ten, and expressed the hope that this would be completed rapidly.

(11) **Trade Policies.** Ministers reaffirmed their commitment to the open multilateral trading system and their determination to strengthen it by further liberalization. A new round of trade negotiations in GATT would contribute significantly to achieving this objective. There was, therefore, agreement that such a round of negotiations should begin as soon as possible (some felt this should be in early 1986). Ministers agreed to propose to the contracting parties that a preparatory meeting of senior officials should take place in GATT before the end of the summer to reach a broad consensus on subject matter and modalities for such negotiations. Active participation of a significant number of developed and developing countries in such negotiations is considered essential. The various actions recorded in this communique insofar as they lead to a better international economic, financial, monetary, and investment environment will contribute to the success of this process.

(12) The avoidance of any resurgence of protectionist measures is of vital importance to sustained economic recovery and to the preservation of the multilateral trading system. This is equally important to ensure

the necessary climate of confidence for any new and wide-ranging initiative in the trade field. Ministers, therefore, stress their resolve effectively to halt protectionism and resist continuing protectionist pressures.

(13) Moreover, against the background of uneven results so far, they emphasize the importance of further tangible progress in the Organization's work aiming at a concerted program of action to relax and dismantle existing trade restrictions. An important element of this program is that all member countries will submit by mid-October proposals on all measures which could be phased out progressively over a fixed period; a report on results achieved will be presented to Ministers next year.

(14) In addition a number of specific trade issues—many of which would be relevant for a new round of negotiations—were discussed:

(a) The importance of increasing trade possibilities for the developing countries was stressed, particularly in view of the heavy debt burdens faced by many of these countries. More liberal and stable policies towards market access for products of particular significance to developing countries are needed. Developing countries should participate in the liberalization process in a manner commensurate with their stage of economic development.

(b) Measures aiming at strengthened transparency and discipline in the field of tied aid credits and associated financing of exports will continue to be pursued expeditiously. A study is to be completed by 30th September 1985 so that new measures aiming at a further increase in discipline and transparency could be taken promptly. As a first step, there was agreement on reinforced notification and consultation procedures as well as an increase to 25 per cent of the minimum permissible grant element for those transactions.

(c) Serious tensions exist in the field of agricultural trade, particularly with respect to the generation and disposal of surpluses. Determined efforts will continue to be made to identify and implement urgently the indispensable adjustments in agricultural policies, and trade and financing practices, which are required to reduce these tensions.

(d) Initial conclusions from ongoing work show that access to markets for high technology products and access to high technology itself are both important. Open markets and free access provide the same advantages in this domain as in all other areas of trade.

(e) Given the growing significance of trade in services, continuing efforts towards their liberalization are important.

(f) The rapid growth of international computer communications has become an important feature of international economy. The governments of OECD member countries, therefore, have adopted a Declaration of Transborder Data Flows.

(g) Recognizing the recent rapid development of information and communication technology and stressing the necessity of examining its impact on the interdependence of the world economy, Ministers welcomed the initiative of the Japanese Government to sponsor a series of international conferences on this theme.

(15) **Relations With Developing Countries.** Economic and financial interdependence between developed and developing countries is an increasingly important factor in the functioning of the world economy. The diverse and often difficult situations of the developing countries create needs and opportunities for constructive, pragmatic cooperation. Improved trade access and concessional and non-concessional flows will be important means to this end.

(a) Many developing countries are making considerable efforts to improve their own economic performance, through sometimes painful domestic adjustment. Such efforts are to be welcomed and encouraged. The responsibilities of the OECD countries for assuring an international economic environment that facilitates the success of these policies are fully recognized.

(b) It is important to maintain and, as far as possible, increase the flow of development assistance, improve its quality and effectiveness and strengthen coordination.

World Trade Week, 1985

PROCLAMATION 5323, APR. 22, 1985¹

Each year, through World Trade Week, we celebrate the many ways in which international trade strengthens our country and enriches our lives.

Increased trade strengthens our own economy, as well as helping to sustain and spread world economic growth. American exports help create new growth opportunities for our businesses and new opportunities for employment for our workers. To the American consumer, freer and fairer trade has meant better products in greater variety and at lower prices.

Through contact with other societies, we receive new ideas and gain a better understanding of our traditional values. We reinforce our ties of amity and peace with other countries through strong bonds of commercial interest and mutual respect.

We Americans are used to a role of responsible leadership in world affairs. It is a role we value, and it has won us the respect of other nations. We know that more jobs, greater prosperity, and dynamic economies are based on freer and fairer trade. Other countries take courage from our confidence and competitive spirit.

Despite stronger competition for world markets, record trade deficits, and a growing threat of protectionism abroad, the United

States has resisted the temptation to adopt self-defeating protectionist measures of its own. We have called upon other countries to open their markets to fair competition. We are working with our trading partners to launch a new round of multilateral trade negotiations by early next year aimed at opening markets worldwide.

Americans can be proud that economic growth in the United States has helped fuel the recovery of our trading partners who can now afford to buy more of our goods and services. Americans can be proud of the U.S. commitment to policies promoting unrestricted trade and investment consistent with our security interest.

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, do hereby proclaim the week beginning May 19, 1985, as World Trade Week, and I request all Federal, State, and local officials to cooperate in its observance.

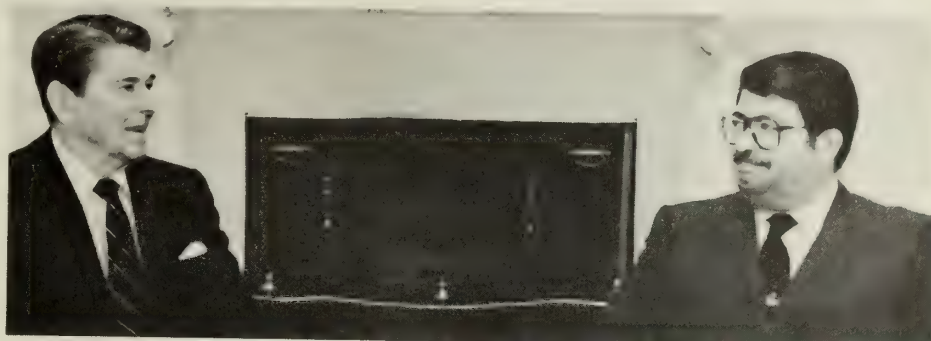
IN WITNESS WHEREOF, I have hereunto set my hand this twenty-second day of April, in the year of our Lord nineteen hundred and eighty-five, and of the Independence of the United States of America the two hundred and ninth.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of Apr. 29, 1985. ■

EUROPE

Visit of Turkey's Prime Minister



(White House photo by Bill Fitz Patrick)

Prime Minister Turgut Ozal of the Republic of Turkey made an official working visit to Washington, D.C., April 1-5, 1985, to meet with President Reagan and other government officials.

Following are remarks made by President Reagan and Prime Minister Ozal after their meeting on April 2.¹

President Reagan

It's been a great pleasure to welcome you to the White House and to our nation's capital. I'm delighted that we've had this opportunity to discuss a wide variety of issues of mutual importance to our two countries.

Prime Minister Ozal's official visit, the first in more than a decade by a Turkish leader, has been an important part of a long-overdue revitalization in U.S.-Turkish relations. Our two governments can be justly proud that by working together we have made great strides in improving bilateral understanding and cooperation. The Prime Minister has brought me up to date on major changes that have recently occurred in Turkey and on his plans for Turkey's future.

Mr. Prime Minister, you and President Evren have good reason to be proud of your success in rebuilding democratic institutions and rekindling economic growth. You have brought a difficult international debt problem under control and opened your country to expanded trade and foreign investment. Turkey's economic reform program reflects your courage and vision and is testimony to the determination of the Turkish people. I understand and appreciate the sacrifices that your countrymen have made in this difficult but necessary undertaking.

With regard to NATO, Prime Minister Ozal and I reaffirmed our firm commitment to increase our cooperation within the alliance. The strength and cohesiveness of NATO have assured the

security of the Western democracies for more than three decades. But our past success does not mean we can become complacent. The forces opposing NATO continue to modernize, and continuing dangers face us in Southwest Asia and the eastern Mediterranean. We agree that our multilateral security ties and bilateral military cooperation are more important than ever.

We also discussed the need to strengthen and broaden U.S.-Turkish relations. Until recently, most Americans have known Turkey best as a NATO ally. Mr. Prime Minister, thanks to your leadership and the forward-looking policies you're pursuing, we're now getting to know your country better as a trading partner and for growing opportunities in finance and investment.

A new U.S.-Turkish trade organization is being established, and new treaties and agreements in the economic field are being concluded. The United States welcomes these important and progressive developments. Let me also assure you that the United States remains committed to high levels of security assistance for Turkey to speed the modernization of your armed forces and to support your economic reform program. And, of course, this assistance serves the interests of both our countries. I reiterated to the Prime Minister that I will continue to urge the Congress to fund my full security assistance request for Turkey in fiscal year 1986.

In our discussion of international and regional issues, we devoted particular attention to the Cyprus problem, and I expressed satisfaction with the progress made in the UN-sponsored proximity talks last fall and with the Turkish Government's positive role in promoting that progress. Resolution of the Cyprus problem remains a high priority for our Administration. Though the January summit, held under the UN Secretary General's auspices, did not

(c) Special efforts are required to support the policy reform endeavors being pursued by many of the poorer countries and to assist them to resume economic growth and development. The World Bank, the IMF and the other multilateral institutions—notably those of the UN system—as well as bilateral donors, have an essential contribution to make in assisting the efforts of these countries, particularly by strengthening their cooperation and the effectiveness of their action.

(d) Direct investment can, under appropriate conditions, make an important contribution to development. It not only provides capital but also technological expertise. It should, therefore, be encouraged.

(e) Although the overall debt situation has been contained, there remain difficult problems with social and political dimensions. The problems of the low income countries require special consideration. Continued world recovery, open trade, sustained capital flows, moderate real interest rates and resolute domestic adjustment efforts are all essential to continued progress in resolving debt and development problems. The interim and development committee meetings of 17th-19th April will provide an opportunity to review these issues with developing countries.

(f) The development crisis in sub-Saharan Africa is an international priority calling for increased assistance. Both governments and the general public are responding to the immediate needs of the famine-stricken countries. Effective policies for longer-term development are critical and require continuing support. A broad consensus has emerged that aid programs should focus on agricultural and rural development, food security, institution-building and human resource development. Emphasis should be given to the maintenance and rehabilitation of existing productive facilities.

(16) Energy policy remains an important element of economic performance. The energy markets are currently easy but it remains essential to continue long-term policies to diversify supply and rationalize energy use as well as maintaining readiness to handle any interruptions in oil supplies.

(17) Environmental problems are of national and international concern. Environmental policies are important in their own right and in relation to economic efficiency and growth. Ministers looked to the meeting of the Environment Committee at Ministerial level on 18th-20th June to make further progress in this field. ■

EUROPE

succeed, we remain hopeful that a fair and lasting settlement can be achieved.

It's essential that our two governments do all we can in support of the Secretary General's Cyprus initiative. Turkey is a land bridge between Europe and Asia and provides us with a special view. The Ottoman Empire managed East-West problems long before America was even known to Europe.

Today, as before, Turkey serves as a particularly important cultural and diplomatic bridge between East and West. I thank you for briefing me on Turkish policies and diplomacy in areas of great importance to both of us. You're a good friend and important ally, and I thank you for all that you're doing to strengthen our cooperation. Together, we're serving the cause of peace and freedom.

In your visit to America and as you reach out to the American people to acquaint them better with Turkish achievements and hopes, please be assured that we'll do all we can to make our bilateral relations even closer.

I know that your visit will make an important contribution to the further development of our relations. So, again, welcome to Washington, and Godspeed.

Prime Minister Ozal

I wish to thank President Reagan for the warm welcome he has extended to me. My visit to this great, friendly nation has a particular importance in view of the fact that this is the first visit for 14 years by a Turkish Prime Minister. Our talks have been extensive, open, and very constructive.

I have renewed to President Reagan the heartfelt congratulations of my government for his impressive victory at the elections. I have also expressed my congratulations for his success in expanding the American economy, which I hope will be to the benefit of all of us.

I have expressed to the President my assessment of the issues which Turkey follows with utmost attention. We live in a turbulent world, and as far as Turkey is concerned, our region is at the present full of dangers. Again, on this occasion, I have realized how deep and strong are the bonds of friendship, alliance, and cooperation between Turkey and the United States.

I have particularly appreciated the consideration shown by the President and his Administration for Turkey and for the development of Turkish-American relations. I consider this attention as a recognition of the steady commitment of the Turkish Government to democracy, peace, and defense.

Turkey's new economic policies, I believe, are well understood by the Reagan Administration. Our exchange of views confirmed the existence of broad and encouraging convergence. Both Administrations, I believe, are strongly committed to dialogue as the best means to solve international problems. The basic cause of both of us remains peace and stability in the world.

We are also firmly convinced that a substantial balanced and verifiable reduction of armaments is an essential condition for a safer world. I have explained to the President our views as far as the situation in our region is concerned. I must say that we view the situation as quite dangerous and unstable.

I wish to thank President Reagan for this fruitful exchange of views. For me it was a confirmation of how much the sharing of values and aspirations in a context of longstanding friendship makes it easier to reach mutual understanding and agreements.

¹Made to reporters assembled at the South Portico of the White House (text from Weekly Compilation of Presidential Documents of Apr. 8, 1985). ■

22d Report on Cyprus

MESSAGE TO THE CONGRESS, APR. 16, 1985¹

In accordance with Public Law 95-384, I am submitting herewith a bimonthly report on progress toward a negotiated settlement of the Cyprus question.

Since my previous report, the leaders of the two Cypriot communities participated in a summit meeting in New York January 17-20 under the auspices of United Nations Secretary General Perez de Cuellar. At the outset of the meeting, the Secretary General expressed his expectation "that the parties would conclude an agreement containing the elements necessary for a comprehensive solution to the problem, aimed at establishing a Federal Republic of Cyprus." Had this effort succeeded, it would have set in motion a process that—over a period of time in which further concrete negotiations would take place—could have led to a true resolution of the Cyprus problem. Following the summit's close the Secretary General announced that the Turkish Cypriot side has "fully accepted the draft agreement" and that the Greek Cypriots had accepted the documentation "as a basis for negotiation." While he acknowledged that the failure to bridge the gap between these two positions meant that the summit had not achieved its goal, the Secretary General added that the two sides "had never been so close" and that he would continue his efforts.

The Turkish Cypriots, following the failure of the January summit, announced their intention to proceed to parliamentary

elections in June 1985. The Turkish Cypriots have said the elections would not preclude their continued participation in the Secretary General's process and in an eventual federal Cypriot state. We have registered with both communities our conviction that any actions that might damage chances for the UN Secretary General's pursuit of a fair and lasting solution should be avoided. The Secretary General met with President Kyprianou in Geneva on March 11 where they discussed next steps in the pursuit of a solution.

Since my last report to you, Administration officials have met regularly with leaders of both Cypriot communities, including a meeting March 11 between Vice President Bush and President Kyprianou in Geneva and the ongoing contacts in Cyprus between Ambassador Boehm and both President Kyprianou and Mr. Denktash. We continue to work closely with the two Cypriot parties, and with the governments of Greece and Turkey, in support of the Secretary General's program. We urge flexibility by all parties, and we are encouraged that they continue to support a negotiated solution.

Sincerely,

RONALD REAGAN

¹Identical letters addressed to Thomas P. O'Neill, Jr., Speaker of the House of Representatives, and Richard G. Lugar, chairman of the Senate Foreign Relations Committee (text from Weekly Compilation of Presidential Documents of Apr. 22, 1985). ■

Death of U.S. Army Major in East Germany

**WHITE HOUSE STATEMENT,
APR. 23, 1985¹**

The statement provided by the Soviet Embassy on April 22 concerning the murder of Major Arthur Nicholson is a distortion of the facts and unacceptable to us.

On April 22, Soviet Embassy Chargé d'Affaires [Oleg] Sokolov called on Assistant Secretary of State [Richard] Burt to present a statement on the Soviet Union's assessment of the April 12 meeting between Generals [Glenn] Otis and [Mikhail] Zaytsev. Mr. Burt informed Mr. Sokolov that he found the Soviet statement totally unacceptable. After reviewing the Soviet statement with Secretary Shultz and other senior officials, Acting Assistant Secretary [John] Kelly, in Mr. Burt's absence, called Mr. Sokolov into the Department that afternoon and reiterated in the Secretary's name that we found the Soviet statement totally unacceptable. We understand that prior to that meeting the Soviet Embassy had released the substance of its statement to the press, although Mr. Sokolov did not mention this fact at the meeting.

The description of Major Nicholson's killing released by the Department of State is accurate. The Soviet attempt to excuse the killing by stating that Major Nicholson was an "unknown intruder who did not comply with the warnings of the sentry" is not at all acceptable.

Major Nicholson was acting in accordance with procedures and practices which have been completely normal and accepted for many years. He was acting in accordance with the spirit and letter of the Huebner-Malinin Agreement of 1947, which governs the activities of the military liaison missions (MLM) on both sides. Soviet military missions operating in the Federal Republic of Germany under this agreement function in exactly the same way. That is an essential point, which the Soviet account unacceptably distorts.

While performing the normal and accepted duties of a member of our military liaison mission, using a clearly identified MLM vehicle and wearing an insignia clearly identifying him as a member of the U.S. military liaison mission, Major Nicholson was shot and killed by a Soviet sentry. No verbal

warning was issued. The shot or shots which the sentry fired before killing him did not constitute warning in any accepted or acceptable sense of the word.

The Soviet military at the scene prevented Sergeant Schatz, Major Nicholson's driver, from providing first aid and left Major Nicholson lying without medical aid for approximately 1 hour. We do not know why they did this; we cannot imagine that they did it in keeping with the instructions of the "military manual" referred to in the Soviet statement. Like the shooting itself, it was and remains unacceptable to us.

There is another essential point: What we find appalling about the Soviet statement of April 22 is the apparent inability of Soviet officials to understand the human issue involved in Major Nicholson's death. In the wake of this tragedy, we agreed to discuss changes in procedures to ensure that such a tragedy could never happen again. We note that yesterday's Soviet statement reiterates this commitment on the Soviet side. But by again repeating this restrictive interpretation of the procedures in force at the time, the Soviet authorities demonstrate that they do not grasp the unacceptability of continued use of force and violence as a first reaction against even the most minor issue.

Major Nicholson constituted no threat either to Soviet forces or to the security of the Soviet Union. He was unarmed, as all military liaison mission members are unarmed. The task of the U.S. military mission is to build confidence by openly observing the placement of Soviet forces. The use of lethal force against a member of a military mission was contrary to the practices for dealing with respective military missions which have been in effect for over 35 years. We have not used and will not use lethal force in dealing with such practices on the part of Soviet MLM personnel in the Federal Republic of Germany. Members of the U.S. forces in Germany have written instructions to this effect. The use of lethal force against Major Nicholson was not only a violation of normal practice under an agreement in force; it was an outrage.

Major Nicholson's death was a senseless, unnecessary act which raises serious questions about orders provided to Soviet military personnel throughout the world. The Soviet statement again

expresses regret. We believe that this is not enough. What is needed is some sense that they recognize the enormity of this outrage.

It is for this reason that we have from the beginning expressed our belief that the Soviets owe us and Major Nicholson's family an apology and compensation for Major Nicholson's widow and for his child. In his meeting with General Zaytsev, General Otis set forth these considerations fully and clearly. General Zaytsev did not accept them. Instead, he referred them to higher authority as was accurately stated in our account of the meeting. The Soviets subsequently have so far refused to respond to these requests. For our part, we will continue to point out that they are matters of elementary justice. Continued Soviet refusal to address this matter in a responsible and reciprocal fashion cannot fail to have adverse consequences on future relations.

¹Text from Weekly Compilation of Presidential Documents of Apr. 29, 1985. ■

40th Anniversary of the End of World War II in Europe

**LETTER TO GENERAL SECRETARY
GORBACHEV,
MAY 8, 1985¹**

The 40th anniversary of the victory in Europe is an occasion for both our countries to remember the sacrifice of those men and women everywhere who gave the last full measure of devotion to the cause of fighting tyranny. Together with our other allies, our two countries played a full part in that long struggle. We demonstrated that despite our differences we can join together in successful common efforts.

I believe we should also see this solemn occasion as an opportunity to look forward to the future with vision and hope. I would like our countries to join in rededication to the task of overcoming the differences and resolving the problems between us, and in renewed progress toward the goals of making peace more stable and eliminating nuclear weapons from the face of the earth. By pursuing those goals, we will truly honor those whose memory we commemorate today.

Sincerely,

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of May 13, 1985. ■

NATO Nuclear Planning Group Meets in Luxembourg

The Nuclear Planning Group of the North Atlantic Treaty Organization (NATO) met in Luxembourg March 26-27, 1985. The United States was represented by Secretary of Defense Caspar W. Weinberger. Following is the final communique issued on March 27.

The NATO Nuclear Planning Group (NPG) met in ministerial session in Luxembourg on 26th and 27th March, 1985. Spain attended as an observer.

On the basis of a comprehensive briefing by the United States secretary of defense, we reviewed the status of nuclear forces including all aspects of the negotiations which recently began in Geneva and the United States strategic modernization programme. NATO's strategic forces are the ultimate deterrent to preserve security, peace and freedom. Therefore we support the United States and United Kingdom efforts to maintain the credibility of their strategic nuclear deterrent capabilities.

We welcome the opportunity offered by the negotiations which started in Geneva on 12th March, encompassing defense and space systems, strategic nuclear forces and intermediate-range nuclear forces. We discussed the prospects for progress in each of these areas stressing that continued close consultation among the Alliance partners was essential. We noted that these negotiations would be difficult, long and complex. We strongly support the United States approach to these negotiations and call on the Soviet Union to participate constructively in them.

We have continued the comprehensive consultations on the political and strategic implications of the United States' Strategic Defense Initiative (SDI). This is designed to establish whether recent advances in technologies could offer the prospect of significantly more effective defense against ballistic missiles. We support the United States research programme into these technologies, the aim of which is to enhance

stability and deterrence at reduced levels of offensive nuclear forces. This research, conducted within the terms of the ABM [Anti-ballistic Missile] treaty, is in NATO's security interest and should continue. In this context, we welcome the United States invitation for Allies to consider participation in the research programme.

We noted with concern the extensive and long-standing efforts in the strategic defense field by the Soviet Union which already deploys the world's only ABM and anti-satellite systems. The United States strategic defense research programme is prudent in the light of these Soviet activities and is also clearly influenced by the treaty violations reported by the president of the United States.

We are concerned about the continuing buildup of Soviet nuclear forces. We note that they are completing development and testing of a wide range of new strategic systems, including two intercontinental ballistic missiles (ICBMs), a new submarine-launched ballistic missile (SLBM) and a new bomber. A new generation of ground-, air- and sea-launched cruise missiles is beginning to enter operational service. The current SS-20 force is composed of 414 SS-20 launchers with 1,242 warheads. The Soviet Union continues to update and improve its shorter range nuclear forces.

In contrast to the growth of Soviet nuclear forces at all levels, it is NATO's policy to maintain only the minimum number of nuclear weapons necessary for deterrence. At Montebello in 1983, we decided to withdraw 1,400 warheads over the next five or six years. SACEUR [Supreme Allied Commander Europe] presented his plan to achieve this by the end of 1988. SACEUR's plan embraces reductions in a variety of warheads. Taken together with the withdrawal of the 1,000 warheads following the 1979 dual-track decision, the total number of warheads removed from Europe since 1979 will be 2,400, resulting in the lowest NATO stockpile level in 20 years. In addition, since one further warhead is being removed from the stockpile for each Pershing II or ground-launched cruise missile (GLCM) deployed, the NATO stockpile level will not be affected by deployment of longer range INF (LRINF).

In the context of the reductions agreed at Montebello, we also agreed to undertake the necessary actions to improve our forces across the spectrum of capabilities to ensure a continuing credible deterrent. Accordingly, SACEUR was tasked to develop recommendations. As part of this process, we received a report from SACEUR on the improvement aspects of the Montebello decision for the maintenance of a survivable, responsive and effective nuclear force structure in support of flexible response. We agreed to consider SACEUR's recommendations in detail and to continue close consultations on the implementation of his improvement proposals. At the same time we reiterated our determination to continue the process of improving NATO's conventional defense capabilities.

We noted the progress made on LRINF deployments by NATO nations and the fact that negotiations on INF systems are underway again. We reviewed, in particular, prospects for these negotiations and expressed support for the United States negotiating position developed in close consultation with its allies. We emphasized NATO's determination to continue the deployment of LRINF missiles as scheduled in the absence of a concrete negotiated result with the Soviet Union obviating the need for such deployment. At the same time, we reiterated our willingness to reverse, halt or modify the LRINF deployment—including the removal and dismantling of missiles already deployed—upon achievement of a balanced, equitable and verifiable agreement calling for such action.

Greece expressed its views in a statement included in the minutes. Denmark reserved its position on the INF part. ■

Negotiations: The Path to Peace in the Middle East

by Kenneth W. Dam

Address before the American Law Institute on May 16, 1985. Mr. Dam is Deputy Secretary of State.

The Middle East is a region of diversity, complexity, and turbulence. It is a strategic crossroads, a source of vital energy supplies, and the birthplace and confluence of three great religions. No wonder it has long been a focus of the world's attention. No wonder its challenges have a particular urgency. The dramas of the Middle East have a special compelling quality—in human and moral terms, as well as strategic. And I know that the region's many complex issues of international law have made it of particular interest to lawyers.

The Arab-Israeli conflict, of course, receives the lion's share of our attention, but we should bear in mind that it is but one element of a broad set of issues. Today, we must also be concerned about the continuing dangers of the Iran-Iraq war, the widespread use of state terrorism, the outlaw behavior of Qadhafi, the rise of religious extremism, the Soviet threat, chronic instability in Lebanon, and many other problems—all in a large and volatile area where the United States and the West have an enormous strategic stake.

Many of these other problems have, from time to time, become intertwined with the Arab-Israeli conflict. Nevertheless, each one by itself poses serious challenges to our policies in the region. To ignore their impact would be foolish and dangerous. Nor can we delude ourselves that these challenges will disappear when the Arab-Israeli conflict is resolved. Terrorism, instability, and the Soviet presence are long-term problems in the Middle East. Our own interest requires, therefore, that we apply ourselves to all the region's challenges over the long haul.

In the wake of Secretary Shultz's recent visit to the area, I should like today to focus on the Middle East peace process—on why this Administration is so active at this time in the Middle East. For more than three decades, and particularly in the last dozen years, the United States has been an important player in regional diplomacy. But we have never lost sight of one central fact: our efforts to promote peace depend ultimately on the willingness of the regional actors to

seek peace. As lawyers, you all know that negotiations can resolve disputes, but you also know that for negotiations to succeed, the parties themselves must want and then actively seek a resolution.

The U.S.-Israeli Relationship

Our involvement in the Middle East stems, above all, from our close relations with the peoples of the region. Since the founding of the State of Israel, for instance, the American people have been committed on both moral and strategic grounds to the security of that nation. In the aftermath of the Holocaust, we have all felt deeply the justice and necessity of helping preserve a land where Jews can live as Jews in a nation of their own. Our close ties to Israel are reinforced by that nation's commitment to ideals and principles that are the foundation of our own society: freedom, democracy, and the rule of law. As the years passed, Americans also came to see the growing importance of Israel as a strategic partner in a region of superpower contention. Today, Americans know that Israel is a staunch and reliable friend in a dangerous world.

Our relationship with Israel is now closer and stronger than ever. A year and a half ago, we began a long-overdue process of strategic cooperation and consultation. We are working with the Israeli Government to help Israel manage its economic problems effectively. On April 22, we signed a unique and far-reaching Free Trade Area Agreement to open up our respective markets to each other's goods and services. Our commitment to Israel's security is supported by economic and military assistance that makes up more than one-quarter of our entire foreign assistance program.

We also know that durable peace and security for Israel can only come when it is recognized and accepted by its neighbors. Our commitment to a secure Israel, therefore, is indissolubly linked to our search for peace.

The U.S.-Arab Relationship

Our close friendships in the Arab world are another reason for our deep involvement in the Middle East. Like the people of Israel, the Arab world is heir to a proud history and civilization that have enriched mankind. The United States

has had a long association with the moderate Arab states. American companies, universities, hospitals, and private voluntary organizations have a long history of constructive activity in the region. Extensive military and economic cooperation and assistance have helped assure mutual security and well-being. The friendship, security, and economic and political stability of the moderate Arab states are important to us.

Our Strategic Interests

Finally, our involvement in the Middle East is grounded in our strategic interests. The Middle East is a region of vital importance to the West, a target of Moscow's efforts to expand its influence, and an arena in which hopes for peace and moderation are challenged by radical forces hostile to us.

Any illusions that the Soviets were not interested in projecting their power into the region were shattered by the invasion of Afghanistan. Active Soviet military influence in Syria, Libya, Ethiopia, and South Yemen makes their ambitions in the region patently clear.

The United States is firmly committed to helping friendly states in the region develop the capability to defend themselves against aggression or subversion—whether sponsored by Libya, Iran, the Soviets, or their surrogates. Our security cooperation with our Arab friends—our willingness to provide them with the wherewithal to defend themselves—is important to that commitment. Similarly, our security cooperation with Israel, designed to enable American and Israeli forces to cooperate in countering the Soviet threat, is another important asset.

Thus, a lasting peace between Israel and its Arab neighbors would also make the task of protecting our strategic interests in the region much easier.

What Should the American Role Be?

The question, then, is how do we promote peace? What should our diplomatic role be?

We have long been a key factor in the search for peace. Both sides have sought our help. Such an American role is indispensable—and it is unique. The Soviet Union has excluded itself from any possibility of playing a constructive role. It has failed to maintain relations with Israel; it has not tried to moderate its clients; indeed, it has supported the forces of radicalism and violence.

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America's unique position as an honest broker trusted by both sides has resulted in a number of successes. Our diplomacy helped secure the Sinai disengagement agreements of 1974 and 1975, the Israeli-Syrian disengagement of 1974, and most important, the Camp David accords and the Peace Treaty Between Israel and Egypt. Our goal for the future is to build on these past successes to secure a lasting peace between Israel and all of its neighbors.

But as we seek this goal, we must be guided by the lessons of the past.

One of the most important lessons we have learned is that a strong, visible, and permanent American commitment to Israel is essential in the search for peace. History demonstrates that movement toward peace can come only when no one in the Arab world or elsewhere has any doubt of the central reality that America's support for Israel can never be weakened.

Israel has shown that it will not change its policies in the face of military or terrorist threats; nor will the policies of the United States ever yield to terror or intimidation. Let no one miss the point: there are no military options. There are no terrorist options. The only way to achieve progress is through negotiations. The PLO [Palestine Liberation Organization] attempt last month to stage a seaborne terrorist raid against Israel is unacceptable and can only obstruct movement toward peace. There will be no rewards for a strategy of attempting to shoot and negotiate at the same time.

We also know that Arab nations and individuals willing to move toward peace take risks. Radicals in the region use terrorism and threats of war not only against Americans and Israelis but against Arabs and Palestinians who work for negotiations. Those who take risks for peace should know that the United States will continue to support all who seek peaceful solutions against those who promote violence and oppose peace.

America's task is to help the parties find ways to enter into direct negotiations. Our role requires persistence and active engagement. But the key decisions must be made by the parties themselves, willingly and free from coercion. Once the parties themselves have made the all-important decision to negotiate, we will participate actively, as we have in the past.

In preaching the efficacy of negotiations, we have urged our Israeli and Arab friends to avoid seeking guarantees, in advance, of the outcome of

negotiations. There should be no preconditions. The place to negotiate is at the bargaining table.

As President Reagan said on September 1, 1982: "We base our approach squarely on the principle that the Arab-Israeli conflict should be resolved through negotiations involving an exchange of territory for peace." The land-for-peace formula was enshrined in UN Security Council Resolution 242 and remains the basis of our effort.

As the President spelled out in his initiative, "... the United States will not support the establishment of an independent Palestinian state in the West Bank and Gaza, and we will not support annexation or permanent control by Israel." We see self-government by the Palestinians of the West Bank and Gaza in association with Jordan as offering the best chance for a durable, just, and lasting peace. We foresee a transitional period, "during which the Palestinian inhabitants ... will have full autonomy over their own affairs."

The President expressed the fervent hope that the Palestinians and Jordan, with the support of their Arab colleagues, would accept this opportunity.

The Peace Process Today

Today, there is renewed hope. The United States shares the view of the key players in the region that 1985 can be a year of opportunity, if the parties take advantage of today's promising conditions.

In the past year and a half, there has been a growing cooperative spirit and unity of purpose among the moderate Arab states that favor progress toward peace. Egypt, once ostracized for making peace with Israel, is regaining its leadership position in the Arab world—without compromising its commitment to peace. King Hussein's bold decision last September to restore relations between Egypt and Jordan was a key step in this process. Our re-establishment of relations with Iraq last November, together with our improving relations with Algeria symbolized by President Bendjedid's visit here in April, represent tangible steps toward greater and wider cooperation.

This coalescing of moderate forces in the region has improved the conditions for progress. As a result, the pace of events has accelerated in recent months.

Jordan's King Hussein has been working hard to organize the Arab side to negotiate a peaceful settlement with Israel on the basis of Resolution 242. He has been trying, through his February 11 framework agreement with the

PLO, to develop a Palestinian consensus supporting movement toward the negotiating table. Within the Palestinian community, we have seen a more realistic attitude. President Mubarak has also played an active and constructive role in promoting negotiations throughout this period.

Meanwhile, Israel is withdrawing its forces from Lebanon in the next few weeks. This is a positive step that we hope will lead to security and stability along the Israeli-Lebanese border. We also see a warming of relations between Egypt and Israel. Both sides, for instance, are actively trying to resolve bilateral disputes, including the longstanding and troublesome issue of Taba. Indeed, negotiations between the parties, with the United States present, resumed yesterday in Cairo. The health of the Egyptian-Israeli relationship is vital to the overall peace process. When relations between Egypt and Israel are improving, it reminds both Arabs and Israelis of the efficacy of negotiations.

The challenge now is to translate the desire of Israel, Jordan, Egypt, and many Palestinians for movement toward peace into a concrete agreement for direct negotiations based on Resolution 242.

The United States has played an active part in that effort. The visits to the United States of Saudi Arabia's King Fahd in February, and of Egypt's President Mubarak in March, provided valuable opportunities for finding ways to encourage progress. Assistant Secretary of State [for Near Eastern and South Asian Affairs] Richard Murphy made an exploratory trip to the region in April. As you know, Secretary Shultz is just back from the area. He met there with Israeli's Prime Minister Peres and Deputy Prime Minister Shamir, with Jordan's King Hussein and Egypt's President Mubarak.

One goal of these recent discussions has been to explore more deeply the prospects for direct negotiations between the Jordanians, Palestinians, and Israelis on terms that all can accept. Another goal has been to help strengthen ties between Israel and Egypt.

Many difficult problems remain. One key issue is the composition of a joint Jordanian-Palestinian delegation to enter into direct negotiations with Israel. Participation by representatives of the Palestinian people was an explicit principle set down in the Camp David accords, and the United States supports efforts to bring non-PLO Palestinians to the table. The issue, as Secretary Shultz

defined it a few days ago, is finding those "who are truly recognized as able to represent Palestinians and who also have a background that will be acceptable in a negotiating process given all the history of absolute opposition to Israel."

Secretary Shultz found, in his discussions, that everyone is conscious of the difficulties. But he also found a positive atmosphere—a genuine sense of movement, a widely shared desire to see things move forward, and an increasing sense of the importance of finding a way to get negotiations going.

At the end of this month, King Hussein will be visiting the United States. He will see President Reagan on May 29. His visit will provide yet another opportunity to improve the prospects for negotiations. We need to

build on each of these top-level discussions to move forward on the road to peace.

Conclusion

To be sure, there is still much distance to be traveled. But the way is open for progress if the parties in the region have the will and the courage to forge ahead. As lawyers, you know the difficulties involved in reaching settlements of complex and emotional issues. You also know that the settling of such disputes is among the most honorable of human endeavors.

We have faith in the commitment and determination of our friends in the region to find a way toward peace. We will settle for nothing less. ■

our common aspirations. National independence, democracy, constitutionalism, the rule of law, free enterprise, and an attachment to religious values are all ideals to which Americans and Middle Eastern peoples have aspired as we have sought to improve our lives. Marxist-Leninist and communist values, on the other hand, have been found wanting. Where such prescriptions have been tested, they have failed; and societies have resumed their quest for personal freedom, social justice, and economic development.

Economic and social development are difficult and sometimes painful processes; they have occasionally been viewed as a threat to community and religious values not only in the Islamic world but even in the United States. Many countries around the world, however, have shown that economic and social development can proceed in a way that respects basic values, and that a commitment to political and economic freedom need not harm—indeed, can enrich—the traditions and values of other societies.

Beyond the resonance of American ideals and principles, our close ties with the Middle East derive from other sources, including our rich history of cooperation in educational, cultural, and humanitarian endeavors.

Beginning in the 19th century, Americans have sponsored educational institutions in the Middle East. The American University of Beirut and the American University in Cairo, to name but two, are today part of a precious common patrimony. We intend to continue our support of the work being done by these two fine universities, often—as in Beirut today—under the most difficult circumstances. Crossing the Atlantic in the opposite direction, almost 800,000 students from every country of the Middle East have attended American universities in the last 30 years. In fact, of all Arab students studying abroad today, almost half study in the United States.

Among Americans, meanwhile, there has been a steady growth of interest in the Middle East and its cultures over recent decades. Initially fueled by commercial activities, this interest has now become widespread. While in 1953 only 6 universities in the United States offered Middle East programs, today some 120 do so. Twenty years ago, there were only 4 periodicals in this country devoted to current Middle East issues; in 1985, there are more than 50. The American public at large has, through public television and major exhibitions

The U.S. and the Middle East: A Partnership for the Future

by Michael H. Armacost

Address before the National Association of Arab Americans (NAAA) on May 4, 1985. Ambassador Armacost is Under Secretary for Political Affairs.

It is a pleasure to address the NAAA today. Since the beginning of large-scale immigration to the United States in the last century, the number of Americans of Arab origin has grown to well over 1 million. Immigrants have come from every part of the Arab world. Your fellow citizens are increasingly aware that your community has been active in all fields of political, economic, scientific, and cultural endeavor. In recent years, growing numbers of you have held elective and appointive positions in local, state, and national government. Your contributions to public life in America have won recognition, appreciation, and respect.

In the best tradition of American pluralism, the NAAA and similar organizations are working to help preserve your ethnic and cultural heritage. I am convinced that, in addition, your association and others like it are well placed to help other Americans comprehend the Middle East and help the Arab world understand America.

The Middle East, which I define here as the region comprising Israel and the Arab states from the gulf to Morocco, is of vital concern to all Americans.

Today, I want to comment briefly on the infrastructure of America's relationship with the Arab world—that is, the bonds of sentiment and interest that link the United States with Arab nations of the Middle East—and then address several of the political issues of current interest.

America and the Arab World: A Broad and Deep Relationship

The press of crises and conflicts all too frequently leads many of us to focus exclusively on the contentious issues in the Middle East. You, as Americans with roots in the region, are familiar with the long history of American involvement with the peoples of the region, the many dimensions of that involvement, and the bedrock of common interests and outlook on which it is built, but others tend to lose sight of it.

The United States has longstanding interests in the Middle East, and the nations of that part of the world have developed important interests in their relationships with us. After almost 200 years of interaction, our shared ideals, interests, and cooperation on a wide range of activities have created strong and enduring ties. Properly nurtured, these ties can provide the basis for mutually beneficial relations far into the future.

Perhaps the most significant ties that bind the American people and the nations of the Middle East derive from

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on tour, begun to look behind stereotypes. On a more intimate level, Arab-American communities in the United States have helped Americans learn more about Arab culture and customs, not least of all through the work of the many hundreds of churches and mosques they have established.

Through its support for a variety of exchange programs, the U.S. Government has helped in these efforts. The United States Information Agency has, in the last 3 years alone, hosted the American visits of over 650 Middle Easterners prominent in a variety of fields. Similarly, since the inception of the Fulbright exchange program in the late 1940s, over 2,200 students from the Middle East have benefited from scholarships for study in America, and over 700 American scholars have received research grants for work in the Middle East.

American citizens and government have also been actively involved in providing assistance to those in need in the region. We have contributed to the community development and relief programs of private and international organizations, including major support to the work of the UN Relief and Works Agency for Palestine Refugees and other organizations involved in improving the quality of life for Palestinians in the West Bank, Gaza, and elsewhere. The Save the Children Federation and Catholic Relief Services, in particular, have been major recipients of AID [Agency for International Development] funds for programs in Lebanon, Egypt, Tunisia, and Israel, as well as the West Bank and Gaza. In the last 4 years alone, we have also provided disaster relief assistance to victims of war, earthquakes, and floods in Lebanon, Algeria, North Yemen, and Tunisia.

Our security assistance programs are another key element in our relationships with Arab states in the Middle East. We are committed to the security and integrity of our friends in the region. Their ability to defend themselves against those who would threaten stability benefits the United States. We have common goals and interests, and we move closer to their achievement through the sale of American military equipment and technology.

A third significant aspect of the strong American ties to the peoples of the Middle East has been that of our economic and commercial exchanges. Largely as a result of expanded oil revenues, the Arab countries of the Middle East are playing an increasingly important role in many areas of interna-

tional economic activity. In a very short period, the region has become a major market for exports of American goods and services. Our firms have played the leading role in the development projects evident throughout the region—new cities, modern industrial complexes, beautiful airports—as well as the roads, communications networks, health care facilities, and power and water supply grids necessary for future development.

Both the United States and the countries of the region have prospered from the trade and economic progress made possible by oil revenues, and we can look forward to continued mutual benefits from cooperation, trade, and investment in the future.

Several Arab nations have become a major force in world financial markets. Arab governments and banks have become full partners with the United States and other developed countries in efforts to promote the progress of the global economy, largely through international institutions such as the World Bank and the International Monetary Fund.

Finally, the United States and some of the wealthier countries of the region have developed a strong and enduring common interest in assisting the development of the less fortunate nations in the region. Longstanding U.S. assistance programs emphasize the transfer of technology, institutional development and training, and the role of the private sector and market forces. Arab assistance to many of these same countries complements our efforts, making a major contribution to economic well-being and political stability.

This is just a quick sketch of the political ideals and values that we share; the educational, cultural, and humanitarian ties that bring us together; and the economic and commercial exchanges from which we all benefit. This sketch, brief as it is, demonstrates that the underlying relationship between the United States and the Middle East is one in which we can all take pride.

Today's Political Issues

Let me, then, turn to some of the contemporary political issues.

The United States is deeply committed, as are the peoples of the region, to stability and to the search for peace in the Middle East. Our objective is to encourage conditions in which Israel and its Arab neighbors can live together without the constant threat of conflict and devote their attention to improving the lives of their peoples. Our commit-

ment to peace is based in part on strategic realities. A peaceful and stable Middle East is vital to our security and that of our allies, but our concerns go beyond purely strategic considerations. The close ties we have with friendly states in the region require us to engage in the search for lasting peace. Fortunately, these close ties give us unique credentials to work for that peace.

Our cooperation with friendly states to promote peace has excited determined opposition. Extremist groups in the Middle East and elsewhere around the world have sought to blame outsiders for the ills of their societies and have adopted the instruments of terror to express their hostility and block the path to peace.

The emergence of terrorism in its many forms around the world is unacceptable. Terrorism strikes at the ideals and values we all share. All governments have a responsibility to remain steadfast in defending their interests in the face of terrorist threats. We intend to persevere and respond appropriately wherever the scourge of terrorism strikes, be this in Europe, the Middle East, or Latin America.

The record of the past makes it clear that the search for peace in the Middle East has the best chance for success when the United States enjoys productive relations with both Israel and the Arab states. America's abiding friendship with Israel is not, as some suggest, an obstacle to progress. On the contrary, it is only by understanding and helping to meet Israel's legitimate concerns for its own security, as well as by helping friendly Arab states meet their own genuine defense needs, that we can continue our work as an honest broker.

Beyond this, stability and security are essential if Israel and the key Arab states are to have the confidence necessary to take the risks required for peace. Our substantial programs of military assistance to friendly states in the region are designed to enhance their ability to protect and defend themselves against terrorism and other forms of intimidation. Military assistance is not a favor that we do our friends; we provide such assistance because we recognize that the ability of friendly states to defend themselves against threats to their security is in our interest as well as theirs.

Peace is crucial for the future of the region. Everyone professes to be for this noble objective, but, alas, that is not enough to bring it about. In all the major conflicts of the region—among Arabs and Israelis, in Lebanon, between Iran and Iraq, in the Western Sahara—each

party has its own view of the content of peace and of the ways to reach it. If peace is to be achieved, each party will be required to make difficult decisions. Outside parties can neither create the environment for solving conflicts nor impose their own solutions. Outside parties *can*, however, help facilitate negotiations, which are necessary to reconcile the conflicting interests of the parties. In ways appropriate to each conflict, the United States is seeking to do just that.

In Lebanon, where Israeli forces are withdrawing, we continue to support the creation of satisfactory arrangements for ensuring the security of the Israeli-Lebanese border, and we are encouraging the establishment of conditions of internal security and stability through a resumption of dialogue, reconciliation, and reform. We remain committed to an independent, unified, and sovereign Lebanon governed by its legitimate central institutions, and we look forward to the day in which all foreign forces will have, at last, been withdrawn.

The Lebanese people, the vast majority of whom want only to live in peace, have suffered grievously from more than 10 years of strife. We will continue to do what we can—and to urge others to do what they can—to help alleviate the suffering and bring the situation under control. As part of our own efforts to help the people and Government of Lebanon, we will continue to provide economic and military assistance.

On the wider scene, a number of encouraging developments have been occurring in the efforts to bring peace between Israel and its Arab neighbors. A new realism and a new desire for progress are evident. Among the most significant developments on the Arab side has been the clear espousal of the principle of a negotiated settlement contained in the February 11 agreement between Jordan and the PLO [Palestine Liberation Organization]. The parties in the region have given the process a new momentum. This is a year in which progress can be made, and we intend to do what we can to help.

The visits of many leaders from the area—Defense Minister Rabin of Israel, King Fahd of Saudi Arabia, President Mubarak of Egypt, Foreign Minister Jasri of Jordan, and President Bendjedid of Algeria—have given us many recent opportunities to consult with friends and to reaffirm our commitment to work for peace. King Hussein of Jordan is always welcome here, and we hope to see him soon to continue this

process. We will have yet another opportunity for such consultations when President Bourguiba of Tunisia comes in June.

Meanwhile, Assistant Secretary of State [for Near Eastern and South Asian Affairs] Richard Murphy, who addressed you last year, has just completed a trip to the region to explore the possibilities for progress toward direct negotiations between Israel and its Arab neighbors. While his discussions were frank and beneficial, we are involved in a slow and gradual process in which no sudden breakthrough is to be expected. The Secretary of State will visit the region soon, and we expect that his meetings with key leaders will sustain movement in the right direction.

The essential next step in the search for peace is direct negotiations between Israel and Jordan with the participation of representative Palestinians. Our overall objective is a settlement in which Israel and all its Arab neighbors possess an enduring stake.

Moves toward peace require courage. Some parties are more willing than others to take the necessary risks in the near term. As the Secretary has said, we will "continue to support those who seek negotiations and peaceful solutions against those who promote violence and oppose peace." We believe that those who take risks for peace deserve special support.

Some have asserted that our approach ignores the Palestinians. On the contrary, we have reaffirmed our belief that the legitimate rights of the Palestinian people must be addressed in any agreement regarding the final status of the West Bank and Gaza; that the full manner in which those rights will be exercised will become clear as the process of negotiation proceeds; that there should be Palestinian participation at every stage of the negotiating process; and that any agreement on the final status of the West Bank and Gaza should receive the prior consent of the inhabitants of those territories. On the crucial issue of governance, it is our firm view that self-government in association with Jordan offers the best chance for a durable, just, and lasting settlement for the West Bank and Gaza.

We believe that these positions, taken together, provide clear evidence of our appreciation for the role the Palestinians must play, both during the negotiating process and in the agreements and institutions that emerge. The Israelis, Jordanians, and Palestinians are the key parties in our current efforts, and we have been encouraging

them to elaborate a formula for Palestinian participation in negotiations that is realistic and acceptable to both the other parties. As for ourselves, we have stated repeatedly that we cannot open a dialogue with the PLO until it accepts Security Council Resolutions 242 and 338 and recognizes Israel's right to exist.

Some have portrayed our approach as favoring the position of one party over another. A careful reading of the central statement of our position—the President's initiative of September 1, 1982—makes it clear that, in any negotiation on the future of the West Bank and Gaza, we could not support *either* the establishment of an independent Palestinian state *or* annexation *or* permanent control by Israel. We are unwavering in our support for the security of Israel. The issue, in the words of the President's initiative, is "how to reconcile Israel's legitimate security concerns with the legitimate rights of the Palestinians. And that answer can only come at the negotiating table."

Some have questioned our preference for direct negotiations among the parties over other procedures. This preference is based on our conviction that only through direct negotiations can the parties to a conflict acquire the stake in peace that ensures success. The delicate issues that need to be addressed, moreover, require negotiation outside the limelight. Given the positions of the respective parties at this point, it is our judgment that an international conference—if, indeed, all the parties agreed to attend—would result in nothing more than a round of political theater. Direct negotiations—quiet negotiations to the extent possible—offer the best chance of success.

We have been criticized for not working with the Soviet Union in the search for peace. The truth is that the Soviets have largely excluded themselves from this process by failing to maintain relations with all parties. Nor has the Soviet Union invested any political capital in the search for peace. Its role has been largely confined to procedural suggestions designed to give it a place at the table.

It is high time to put the parties' commitment to peace to the test. Hard decisions must be made in the Middle East; once they have been made, our own role as honest broker, urging each side toward accommodation, will become evident. Experience shows that negotiations work—indeed, that negotiation is the only method that works. Efforts to pursue armed struggle or to achieve military parity are costly dead ends.

Direct negotiations are the only path to progress; any other course means delay or evasion of the real issues.

Conclusion

In closing, let me summarize what I think each of us can be doing to maintain and develop the relationship between the United States and the Middle East. I have suggested that the two regions enjoy far closer, broader, and deeper ties than the daily headlines might suggest. In a very real sense, we are approaching the 21st century together.

All of us as Americans should be looking for ways to develop these ties further. We can continue to make important contributions to prosperity, development, and stability not only by pursuing the essential search for peace but also by working carefully to deepen the many forms of interaction that exist. Those of us in government have a special responsibility to remain sensitive to the aspirations and needs of the peoples of the region and to the circumstances that leaders in both the Arab states and Israel must face.

The National Association of Arab Americans and similar organizations have an important role to play in cementing what I would call a partnership for the future between the United States and the Middle East.

First, through your work at the local, state, and national levels, you can help other Americans appreciate the Middle East.

Second, through your activities in the Arab world, you can help the Arab peoples understand America and the nature of its contribution to the region.

Finally, you are uniquely qualified to help us ensure that the United States contributes its talents and resources to economic and social development in the Arab world with care and sensitivity for its social and cultural values. We, therefore, welcome every opportunity to exchange views with members of organizations such as yours.

We must all strive to strengthen the common ground that exists between the United States and the Middle East—in ideals and values; in educational, cultural, and humanitarian activities; and in economic and commercial exchanges. And we must remember that America's commitment to peaceful solutions to the conflicts of the area is an enduring one. I know that you will continue to work for peace in the region and for closer relations between the United States and the Arab world, and I wish you every success. ■

IAEA: Unique Member of the UN Family

by Richard T. Kennedy

Remarks made at the opening session of Princeton University's model UN conference in Princeton, N.J., on February 7, 1985. Ambassador Kennedy is U.S. permanent representative to the IAEA and special adviser to the Secretary on nonproliferation policy and nuclear energy affairs.

I am doubly honored by your invitation to address this gathering. Not only does it inaugurate the 1985 lecture series of the Princeton International Relations Council, but I understand that it also marks the beginning of your model UN conference.

Many of you are about to plunge into the often frustrating, sometimes rewarding world of multilateral diplomacy. For better and for worse, the United Nations—which you will be examining over the next few days—occupies a central place not only on the world stage but in the development and execution of U.S. foreign policy.

Your activities, of course, will relate primarily to the UN's so-called political organs—the Security Council and General Assembly. The nightly news is regularly illuminated by verbal fireworks in these bodies, when some dramatic incident—a hostage crisis, for example—breaks through the routine clamor of international discourse.

It is well understood that these two bodies are highly political entities and act accordingly. But it is also important that, as you consider the role of the United Nations in advancing world peace and human progress, you look beyond these well-known institutions to consider the work of other elements in the UN system. Many of these, though less prominent, are no less important.

Indeed, in one field of crucial significance for world security—nuclear affairs—one lesser-known member of the far-flung UN family deserves your attention. For it contributes as much or more to the long-term survival and stability of human civilization than its better-known and widely publicized relatives on the East River.

I am speaking of the International Atomic Energy Agency (IAEA), and it is this organization I would like to discuss with you this evening.

You are entitled to ask the obvious questions—What is this agency? What does it do that makes the United States think it's so important? After all, hasn't the United States just withdrawn from UNESCO [UN Educational, Scientific, and Cultural Organization] because that agency was mismanaged and inflated and often acted against our best interests? And haven't UN organizations been continually criticized for constant anti-American rhetoric, bloated bureaucracy, and misguided programs? What's so different about this IAEA?

Hopefully, my remarks will provide some answers to these questions. But first, let us look at the historical background of the agency and its major programs, structure, and decisionmaking process. With that underpinning, we can assess some of the problems now confronting the IAEA. These problems threaten to drive it in the direction of organizations that have lost their proper sense of mission over the years, thereby destroying its usefulness. Along the way, I will offer a few thoughts about multilateral diplomacy, since that's what you'll be immersed in this weekend.

Background to IAEA

My first point about the IAEA is that the agency is unique—not just unique among other UN agencies but fundamentally different from any other existing international organization. For the member states of the IAEA have endowed it with powers greater than those granted to other international organizations.

On reflection the agency's distinctive character shouldn't be so surprising. After all, the IAEA was created to address an issue of unprecedented technical complexity and international security concern. Namely, how can the world's nations regulate nuclear technology so that it benefits mankind but does not lead to the possession of nuclear weapons by a large number of nations—a situation that would dramatically increase the likelihood of nuclear conflict?

In 1948 George Orwell predicted in his gloomy but occasionally prophetic book, named after the year just past, that by 1984 the world would have witnessed numerous nuclear conflicts. Many informed persons would have agreed at that time that the chances of

avoiding widescale nuclear warfare were slim, given the predictable desire by leaders in many nations to acquire this "ultimate weapon." Orwell was a perceptive observer, but he turned out to be wrong. The predicted rush to atomic weaponry did not occur. At work, of course, were a number of factors, not the least of which was the establishment of the IAEA and its system of international safeguards.

In November 1945, only 3 months after nuclear weapons unleashed their unbelievably destructive power on Hiroshima and Nagasaki, the United States, the United Kingdom, and Canada issued an "Agreed Declaration on Atomic Energy." In that declaration, they proposed a commission under the United Nations to prepare recommendations for "entirely eliminating the use of atomic energy for destructive purposes and promoting its widest use for industrial and humanitarian purposes."

In January 1946, a UN resolution was overwhelmingly adopted to create the UN Atomic Energy Commission. The U.S. representative on the commission was Bernard M. Baruch, a noted industrialist. Baruch put forward far-reaching proposals aimed at developing and controlling atomic energy internationally.

At that time, the United States held a monopoly on the secrets of nuclear weapons. Yet we were prepared to bring the technology under international control because of the singular danger such weapons posed to world stability. Unfortunately, the world of the late 1940s was not ready for this kind of shared, multilateral regulation of nuclear energy. Torn by cold war dissension and lack of international agreement, the Baruch Plan failed, and the commission was dissolved in 1952.

Despite this setback, the United States persisted in its effort to gain some measure of multilateral control over the atom. President Eisenhower, in a 1953 UN General Assembly address, proposed establishment of an agency under the United Nations that would devote its activities exclusively to the peaceful uses of atomic energy. One year later, the General Assembly unanimously passed an "Atoms for Peace" resolution supporting the establishment of such an organization.

In 1956 a multilateral treaty was adopted as the statute of the International Atomic Energy Agency. The Government of Austria offered Vienna as the host city for the new organization, and the IAEA is still headquartered on the banks of Strauss' "Blue Danube."

From its creation, the agency has occupied a distinctive position in the UN system. It is an autonomous, inter-governmental organization but not a specialized agency of the United Nations. Nonetheless, its statute mandates that it "conduct its activities in accordance with the purposes and principles of the United Nations to promote peace and international cooperation."

IAEA Functions

The IAEA's functions fall within two general categories. First, there are activities aimed at expanding the contribution of atomic energy to peace, health, and prosperity throughout the world. These cooperative activities cover a variety of the peaceful uses of nuclear energy. All of you know that nuclear energy can be converted to electricity in a power plant, and most of you are familiar with the medical applications of certain radioactive isotopes in the treatment of cancer.

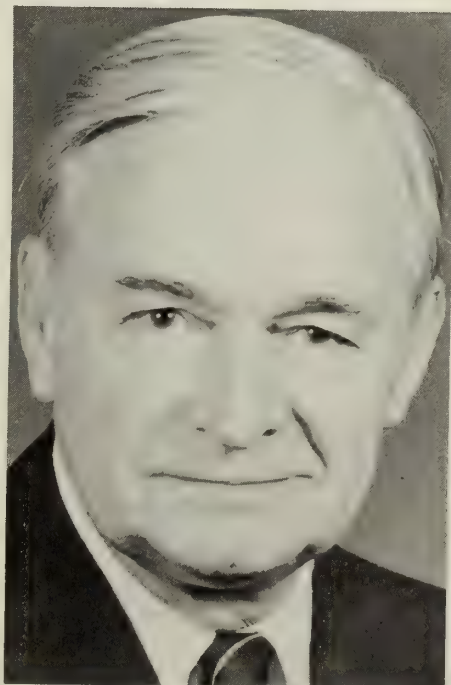
But there are many more, less well-known applications of nuclear energy. For example, food can be irradiated to prevent spoilage, and major insect pests

can be eradicated through sterilization of breeding populations. With contributions from its member states, the IAEA sponsors many assistance projects of this type, as well as others aimed at enhancing the safe use of nuclear energy.

These cooperative activities are extremely important, but they are not what makes the agency unique. Many international organizations conduct promotional and developmental activities in their specific areas of expertise, whether that is agriculture in the FAO, labor in the ILO, or health in the WHO.

It is the second of the agency's major functions—the application of "safeguards"—that makes the organization truly different. The essence of this difference is this: In the quest of a common aim—restraining the spread of nuclear weapons—member nations have agreed to permit international civil servants employed by the IAEA to inspect their own domestic nuclear facilities. These inspections and other safeguards procedures are intended to verify a nation's commitment not to develop nuclear explosives.

U.S. Ambassador to the IAEA



(Department of State photo)

Richard T. Kennedy was born December 24, 1919, in Rochester, N.Y. He received his B.A. in economics from the University of Rochester and holds an M.B.A., with distinction, from the Harvard Graduate School of

Business Administration. He also attended the National War College and the U.S. Army Command and General Staff College.

Ambassador Kennedy served for 30 years with the U.S. Army, retiring in 1971 with the rank of colonel. On the Army General Staff, he was concerned with the National Communications System, Defense Department and U.S. Army organization, and NATO affairs. He was awarded the Distinguished Service Medal, the Legion of Merit, the Bronze Star, and the Army Commendation Medal.

He served as the Deputy Assistant to the President for National Security Council Planning (1969-75), which succeeded his service as Director, Africa Region, International Security Affairs, Department of Defense. In 1975-80 he was Commissioner of the U.S. Nuclear Regulatory Commission. In 1981, he was appointed Under Secretary of State for Management.

Ambassador Kennedy was appointed by the President as Ambassador at Large, effective Dec. 14, 1982. He serves as special adviser to the Secretary of State on non-proliferation policy and nuclear energy affairs and coordinates and directs U.S. non-proliferation efforts. He also serves as the U.S. representative to the IAEA and as a delegate to the annual IAEA General Conference and as the U.S. member (and Vice President) of the Organization for Economic Cooperation and Development's (OECD) Nuclear Energy Agency. ■

NUCLEAR POLICY

International treaty commitments are ordinarily self-enforcing. Nations are held to comply in good faith with their obligations without external oversight. The IAEA safeguards system, in contrast, represents a step toward true international verification.

Because nuclear explosives pose out-of-the-ordinary risks, out-of-the-ordinary verification procedures are needed. Such a grant of authority to an external body—not by virtue of foreign conquest but because of a voluntary assessment of the common interest of the international community—is unprecedented.

It must be remembered, though, that this grant of authority was based on an implicit bargain; namely nations that had accepted safeguards on their nuclear programs would receive the benefit of broader cooperation in developing nuclear energy for peaceful purposes. The cooperative nuclear activities I mentioned earlier are an important part of keeping this international non-proliferation bargain. But just what do we mean by safeguards?

Safeguards System

In the words of the IAEA Director General, "IAEA safeguards are measures through which the states, in the exercise of their sovereign, will rely upon an international organization to confirm through inspection that their actions conform to their stated intention not to acquire nuclear weapons." The IAEA must be in a position to sound the alarm if diversion or misuse of nuclear materials is suspected and to report if verification is inadequate or impossible.

Safeguards measures are of many kinds. They include reporting requirements, auditing of records, independent measurements of nuclear materials, antitampering and surveillance devices, and onsite inspections at safeguarded nuclear facilities.

Safeguards activities are conducted under detailed arrangements negotiated between the IAEA and the nation being safeguarded. As of the end of 1984, a total of 163 IAEA safeguards agreements were in force, some covering all nuclear facilities in a country and others covering only certain facilities.

To give you an idea of the scope of the safeguards system, in 1983 the IAEA carried out over 1,800 safeguards inspections at more than 500 installations in 53 countries. Over 800,000 safeguards data entries were processed and stored in the agency's computers during that year.

The IAEA safeguards system is certainly unique, but it does have limitations. For example, IAEA inspectors do not have the authority to search a nation's territory for clandestine materials or facilities. They are more like U.S. health and safety inspectors than police officers. For example, a mine safety inspector who finds a problem at a facility reports the danger to others who are responsible for taking action, either to close the mine or to correct the defect.

An IAEA inspector who discovers evidence of a diversion reports that finding to the agency's administration for corrective action. If the report is not resolved by the staff, it goes on to the IAEA Board of Governors. Very serious violations are eventually referred to the UN Security Council because they threaten international peace and security.

IAEA safeguards therefore cannot prevent diversion or assure that a diversion will not occur. But they are an effective deterrent to the misuse of peaceful nuclear activities and contribute immensely to the global nonproliferation regime.

The United States has viewed safeguards with a special significance since the establishment of the IAEA. President Reagan has stated that, "the United States will . . . strongly support and continue to work with other nations to strengthen the International Atomic Energy Agency to provide for an improved international safeguards system."

So far we have examined how the IAEA came into being and summarized its basic functions. Now let us consider how the Agency is organized and how it operates in practice.

Organization and Operation

The IAEA has two governing bodies—the Board of Governors and the General Conference. They oversee the Secretariat, which is headed by a Director General appointed for a 4-year term. The current Director General is Hans Blix, the former Foreign Minister of Sweden.

The Board of Governors is made up of 35 members, taking into account geographical factors and the level of nuclear advancement of member nations. Thirteen of the board seats are designated, and 22 are elected. No seats are permanent, but in practice, a number of members (including the United States) have always occupied board seats by virtue of their nuclear advancement.

The General Conference meets annually and comprises representatives of all 112 IAEA members. The General Conference has several important functions. Among them are approving the annual budget and annual report that are submitted to the UN General Assembly, fixing assessments for member states, and determining whether to suspend the rights and privileges of any state for persistently violating the statute or any safeguards agreement.

In contrast to most other international organizations, the IAEA General Conference is a model of efficiency. It typically completes its work in a 5-day meeting held once a year, despite the tremendous logistical problems created by a gathering of over 100 nations.

It may be appropriate for me to say something here about the difference between multilateral and bilateral diplomacy as I have experienced it in the IAEA system. These thoughts may be relevant to your own experiment with multilateral diplomacy this weekend.

I often envy my diplomatic brethren who are assigned to single nation embassies. It must be a real luxury to deal with a single, identifiable entity when seeking a response to issues of concern to the United States. In multilateral diplomacy, the communication channel and decisionmaking process of one's opposite number can be maddeningly diffuse. In a 35-member board, or worse—a 112-member General Conference—the range of views on any subject can be quite broad.

Multilateral diplomacy is like coalition politics in the United States. The task is to construct and maintain a working coalition of like-minded states that will act together in support of common goals; a voting block, if you will. But such coalitions are never permanent. They shift back and forth depending on the issue being addressed. One must, nonetheless, seek a reasonably dependable core of consistent supporters, lest U.S. views be isolated and discounted.

In the IAEA, as in many international bodies, three groups seem to coalesce around similar interests and viewpoints. These political groupings are the so-called Group of 77 (G-77) made up of the neutral and nonaligned countries, mainly in the developing world; the "socialist group," made up of the Soviet Union and its friends and allies; and the "Western Europe and others group," which includes West European countries, the United States, Japan, Australia, and Canada.

The statutory makeup of the Board of Governors and the tradition of seeking consensus among members on most issues have prevented any one of the three groups from routinely imposing its will on the others. With 12 West European and other members on the board, it is unlikely that important actions requiring a two-thirds majority could be decided over the objections of the Western group. Moreover, the political strength of the G-77 in the board is limited because Soviet views on matters of substance and administration frequently coincide with U.S. and Western views. As you well know, this is not the case in many other international organizations.

But it hasn't always been that way. In the early, cold war years, the IAEA's deliberations were split along the usual East-West lines, as in most other UN organizations. Conflicts, confrontation, and split votes were commonplace.

For example, the Soviet Union was initially hostile toward IAEA safeguards and voted against establishment of the first system in 1962. Gradually, however, the Soviet Union's position changed as it came to recognize the importance to its own self-interest of preventing proliferation on a global basis. The U.S.S.R. is now a strong supporter of IAEA safeguards and nuclear nonproliferation.

Just last year, in fact, the Soviet Union agreed voluntarily to place some of its civilian nuclear facilities under IAEA safeguards and to allow IAEA personnel to inspect these facilities. This "voluntary offer," which follows in the path of offers made by the United States, the United Kingdom, and France, marks a rare Soviet acceptance of the concept of onsite verification of an arms control-related undertaking.

During the 1960's, the decibel level of cold war rhetoric dropped off in the IAEA, and a tradition of working by consensus has since emerged within the board. This tradition has endured since then, with a few exceptions. When a predominantly political issue arises, the socialist bloc may combine forces with the G-77. When that happens, the odds are high that they will prevail if the matter is pressed to a vote. A recent example is the right of South Africa to participate in certain IAEA meetings.

Recent years have seen increased tensions in the Board of Governors and General Conference brought about largely by the introduction of political issues unrelated to the statutory functions of the agency. This extraneous politicization has been magnified by two factors.

First, the membership of the agency has increased dramatically. At the

IAEA's first General Conference in 1957, there were 59 members; now there are 112—almost twice as many. Some of these states, particularly smaller, less developed nations, have a limited interest in the agency's technical programs. Others which are not direct beneficiaries of the safeguards system, perhaps because they have no activities to which the system would apply, fail to recognize that the safeguards regime is every bit as important to their security as it is to the security of countries with nuclear programs.

These nations tend to see the agency as just another international forum in which to express their political views. They fail to view it as a special body whose dual roles of technical assistance and safeguards are important to their welfare and security.

Second, some nations find it difficult to fund permanent representation to the agency. Often their representatives serve several other diplomatic functions in Vienna. Also the representatives of many governments have no technical or scientific background or support. It is only human nature that diplomats with political backgrounds will focus on issues they feel comfortable with—political issues—rather than on the technical subjects that are the central responsibility of the agency.

If left unchecked, this politicization could damage the ability of the organization to perform its vital roles in safeguards and nuclear cooperation. In these circumstances, it would be irresponsible of the United States to sit idly by and let the organization be diverted to sterile debates over political issues extraneous to its statutory functions.

As recent events demonstrate, the United States has had to meet the issue of politicization and disregard of proper agency functions elsewhere in the UN system. In the case of UNESCO, the United States decided that the basic purposes of the organization had been so severely undermined that we could no longer justify continued U.S. participation.

After repeated attempts to reverse the damaging trends in UNESCO, the United States decided that it was no longer reasonable to ask the Federal taxpayer to fund a quarter of the total budget of an inefficient organization that routinely acted against important American values—including freedoms of speech, the press, and enterprise.

The UNESCO decision should have sent an important message to UN officials and member governments. That message is that the United States will not automatically support any UN activity if that activity proves to be irrelevant

or hostile to important U.S. interests. Our commitment is not to the institutions per se but to the goals they were created to pursue.

If an agency persistently and flagrantly departs from its mission—through politicization, mismanagement, or both—the United States will reconsider its participation. We will look for better ways to contribute to the vital goals of peace and human progress that these bodies were meant to advance.

In the case of UNESCO, the line clearly was crossed. In the case of the IAEA, we have come perilously close to that line. In September 1982, the IAEA General Conference acted in a highly irregular and, in our judgment, illegal manner by rejecting the credentials of the Israeli delegation to the conference.

When this action was taken, the United States walked out of the conference, as it had announced in advance it would do, and suspended its participation in the IAEA. In our view, if an international organization was willing to limit unlawfully the right of one member state to participate in its activities, such an action could happen to any member at any time. Failure to take a strong stand could encourage such actions in the future.

Moreover if such an action were tolerated, any other provision of the agency's statute could be similarly disregarded, to the potential detriment of its statutory safeguards functions. Thus, we considered it necessary to draw the line with respect to the IAEA, notwithstanding the agency's critical nonproliferation role.

The United States resumed participation in the IAEA in February 1983 following a comprehensive reassessment. We returned only after the Board of Governors authorized the Director General to certify in writing that Israel was entitled to participate fully as a member nation in the activities of the IAEA. Since that event, the United States has intensified its worldwide diplomatic efforts to reduce the level of politicization in the agency.

IAEA and the Future

Having looked at the past and present of the IAEA, perhaps I should turn to the future. What lies in store for the agency? Can it continue to be an effective instrument for achieving the important nonproliferation and nuclear cooperation aims set forth in its statute? Or will it succumb to short-sighted pressures by special interests and become just another, inconsequential, international debating club?

SCIENCE & TECHNOLOGY

I have no crystal ball, but I confess to being an optimist by temperament. I sincerely believe that most of the world's governments, recognizing the crucial role the agency plays in nuclear affairs, do not want it emasculated or destroyed.

However, political leaders must address a multitude of issues and cannot be expected to focus long or intently on a single international agency, however important. As in our own government expertise regarding specific issues is often confined to a small group of persons who exercise a dominant influence on policy. Also because of the highly complex and technical nature of much of the IAEA's work, only a small number of persons in most governments have an adequate understanding of many issues the agency must address.

Thus, if we are to keep the IAEA on track, we must do two things.

First, we must identify individuals in IAEA member nations who will be shaping the policies of their governments. **And second**, we must make a systematic effort to inform them about how we see the agency and its critical role in preventing the spread of nuclear weapons and broadening peaceful nuclear cooperation. We must alert these "decisionshapers" to the costs to international security that would result should the agency falter in its pursuit of these goals.

One important way of doing this is by expanding the range of IAEA programs that can benefit many nations, not just the more advanced countries that are pursuing nuclear power. Another way is to emphasize the vital, global security interests advanced by the agency's safeguards system.

After all the threat posed by additional nations acquiring nuclear weapons affects all members of the world community, not just the superpowers or the developed world. All nations must recognize—as I think most of them already do—that the spread of weapons directly jeopardizes their own security interests.

If a dominant majority of IAEA members are convinced that the agency's activities directly benefit them, we will be able to create an overwhelming consensus to exclude narrow, partisan political issues from the agency's deliberations.

There will always be one or two governments with a particular axe to grind, and we cannot expect to dissuade them in every instance from attempting

to grind it in any available forum—no matter how irrelevant or inappropriate the forum. What can be prevented is a situation in which a majority of IAEA members acquiesce in allowing a small minority of malcontents and special pleaders to divert the agency from its appointed tasks.

Although we recognize that depoliticizing the IAEA requires arduous, long-term effort, we intend to persevere. For we also recognize that the United States, indeed the world, can ill afford to place in jeopardy the strategically vital safeguards mission of this unique international organization. We have taken important steps in this regard, using the tools of both multilateral and bilateral diplomacy.

U.S. International Activities in Science and Technology, 1984

MESSAGE TO THE CONGRESS, MAR. 20, 1985¹

In accordance with Title V of the Foreign Relations Authorization Act for Fiscal Year 1979 (Public Law 95-426), I am transmitting the Administration's annual report on international activities in the fields of science and technology for Fiscal Year 1984. The report was prepared by the Department of State in cooperation with other relevant agencies, consistent with the intent of the legislation.

This Administration has recognized from the outset that the achievement of our most essential national goals—enhanced national security, increased industrial competitiveness, better health and quality of life for all our citizens—depends upon a strong and vital science and technology enterprise. In view of the impressive scientific and technological capabilities of many other countries, we are increasingly aware of the importance of international cooperation as a means of augmenting our strengths in these areas. The generation of new knowledge and progress in technology offer benefits to all nations committed to realistic and sustained economic growth. Indeed, the future of the world depends largely on science, technology, and the willingness of nations to marshal their greatest resources—human creativity and talent—to work together to solve the problems that challenge mankind. We in the United States are determined to help make that future a bright one.

Substantial efforts were made during 1984 to implement the Title V legislation. In June, Secretary of State Shultz addressed a message to all our embassies abroad stressing the central importance of science and technology as a critical element of our foreign policy. In September, he followed that with a request for detailed descriptions

of each mission's specific plans to better integrate science and technology into the conduct of our foreign affairs.

Consistent with our foreign policy objectives, we continue to emphasize government-to-government scientific cooperation in our bilateral and multilateral relations, in particular, fostering our cooperative relationships with the nations of Western Europe, with Japan and other democratic nations of the Pacific Basin, with India and the People's Republic of China, and with friends in our own hemisphere.

During 1984, we continued to participate in several cooperative scientific projects agreed upon at the Williamsburg Economic Summit in June 1983 and endorsed at the London Economic Summit in June 1984. As in the past years, we stressed the ability of cooperative efforts in science and technology to enhance the economic and military strength of the Western Alliance. We continue to support the NATO Science Committee's activities to stimulate collaborative research in significant frontier fields of science and to facilitate the exchange among member countries of their most promising young scientists and engineers. The importance the United States places on the NATO Science Committee was highlighted last Spring when we hosted the Committee's meeting in Washington.

During 1984, we continued to review our science and technology relationship with Japan. The U.S.-Japan Advisory Commission submitted a report to Prime Minister Nakasone and me entitled "Challenges and Opportunities in United States-Japan Relations." It suggested in particular that "... the time has come for a high-level review to determine possible improvements and new directions for mutually beneficial cooperation." Such review was launched in

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April, and I expect to be able to highlight its conclusions in my message accompanying next year's Title V report.

Last January, we reviewed the range of activities that have been carried out during the first five years of our Bilateral Cooperative Agreement in Science and Technology with the People's Republic of China, and took particular pleasure in extending that agreement for five more years. Cooperative research is now being conducted under twenty-three separate protocols within the broad auspices of that agreement, and records in several new areas, including fossil energy, and space cooperation, are in the final stages of negotiation.

Significant strides were made in the special cooperative programs with India—in health, agriculture, and monsoon research—that emerged from my discussions with Prime Minister Indira Gandhi in July 1982. The government of India continues its support of these initiatives under the new leadership of Prime Minister Rajiv Gandhi.

Special reference must be made to our bilateral science and technology relationship with the Soviet Union. In past reports, I have stressed that cooperation with that country depends upon steps taken by its government to comply with recognized standards of international behavior. While that behavior is often far from constructive, I have approved during 1984 renewed cooperative efforts in carefully selected areas such as agriculture, health, and environmental protection and safety, that recognize complementary strengths and ensure mutual benefits. I took this action to convince Soviet officials of our desire for peace and our willingness to explore whatever roads might be open to take us there together.

We recognize that there are important opportunities to address science and technology issues within the technical agencies of the United Nations system, but such opportunities should be pursued only where there are realistic expectations of shared benefit and success. Where success proves beyond our grasp, we must reevaluate our position and find more effective alternatives. Such is the case with our participation in UNESCO [UN Educational, Scientific and Cultural Organization]. I stated at the end of 1983 our intention to withdraw from that agency should acceptable reforms not be undertaken within a year. That period expired on December 31, 1984, and we have withdrawn as planned. Despite U.S. withdrawal, we remain committed to the belief that genuine reform of UNESCO is a worthwhile goal, and in the coming year, we will work with all countries, individuals, and private organizations who seek improvement of UNESCO to achieve that purpose. When UNESCO returns to its original mission and principles, we will rejoin UNESCO and participate in the full range of its multilateral scientific programs.

In conclusion, I want to stress again the importance of cooperative scientific and technological arrangements in our assistance to developing countries. On November 22,

1984, in an address to members of an international association for research and development in nuclear energy, His Holiness John Paul II emphasized the importance he perceives in such arrangements. "Cooperation in the fields of science and technology is one of the most effective means not only for contributing to the physical welfare of people, but also of fostering the dignity and worth of every person."

Afghanistan Day, 1985

PROCLAMATION 5309, MAR. 21, 1985¹

In a time of prosperity, we do not think of hunger and hardship. In a time of peace, we do not think of suffering and war. In a time when our families are together and healthy, we do not think of the pain we would feel if they were pulled apart. Yet, for the people of Afghanistan, it is impossible to escape such thoughts, because terror, hardship, and suffering have become an everyday way of life ever since the Soviet Union brutally invaded and occupied their country over five years ago.

March 21 is the start of a New Year for the Afghan people. It is traditionally a holiday when they bring their families together to celebrate life's new beginnings and to rejoice and give thanks for God's many gifts.

But in Afghanistan today it may be hard to remember the days when their country had peace, when there was enough food to eat, and when their homes were safe, for the overwhelming majority of Afghans are engaged in a fierce struggle to end the Soviet occupation of their country and the rule of the puppet regime headed by Babrak Karmal.

The year 1984 was an especially hard one for the Afghans. The Soviets have become frustrated with their inability to crush the spirit of the Afghan Freedom Fighters and are increasingly turning their military might against the civilian population of the country, forcing hundreds of thousands more innocent people into exile away from their homeland.

Reports of Soviet atrocities and human rights violations are increasingly gaining the attention of the world's public. Respected organizations such as the United Nations Commission on Human Rights, Amnesty International, and Helsinki Watch have recently released studies detailing the terror that the Soviets and the Karmal regime regularly inflict on the people of Afghanistan. Karmal's tenuous, and brutal, hold on power continues only because his rule is supported by more than 100,000 Soviet occupation troops.

All Americans are outraged by this growing Soviet brutality against the proud and freedom-loving people of Afghanistan. Moreover, the entire world community has condemned the outside occupation of Afghanistan. Six times, in fact, the UN General Assembly has passed strong resolu-

The United States is committed to a role for scientific and technological cooperation in international affairs, and we will pursue this goal to the benefit of all nations willing to join us.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of Mar. 25, 1985. ■

tions—supported by the overwhelming majority of the world's nations—which have:

- Called for the immediate withdrawal of troops from Afghanistan;
- Reaffirmed the right of the Afghan people to determine their own form of government and choose their economic, political, and social systems;
- Reiterated that the preservation of the sovereignty, territorial integrity, political independence, and nonaligned character of Afghanistan is essential for a peaceful solution of the problem; and
- Called for the creation of conditions that would enable the Afghan refugees to return voluntarily to their homes in safety and honor.

All Americans are united on the goal of freedom for Afghanistan. I ask the American people, at a time when we are blessed with prosperity and security, to remember the Afghan struggle against tyranny and the rule of government-by-terror. We stand in admiration of the indomitable courage of the Afghan people who are an inspiration to all freedom-loving nations around the globe.

Afghanistan Day will serve to recall the fundamental principles involved when people struggle for the freedom to determine their own future and the right to govern themselves without foreign interference. Let us, therefore, resolve to pay tribute to the brave Afghan people by observing March 21, 1985, as Afghanistan Day. Let us pledge our continuing admiration for their cause and their perseverance and continue to do everything we can to provide humanitarian support to the brave Afghan people, including the millions of Afghan refugees who have been forced to flee their own country.

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, do hereby proclaim March 21, 1985, as Afghanistan Day.

IN WITNESS WHEREOF, I have hereunto set my hand this twenty-first day of March, in the year of our Lord nineteen hundred and eighty-five, and of the Independence of the United States of America the two hundred and ninth.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of Mar. 25, 1985. ■

Economic Sanctions Against Nicaragua

Following are a White House statement, texts of the President's message to the Congress and an Executive Order, and a statement by Assistant Secretary for Inter-American Affairs Langhorne A. Motley prepared for the Subcommittees on Western Hemisphere Affairs and on International Economic Policy and Trade of the House Foreign Affairs Committee.

WHITE HOUSE STATEMENT, MAY 1, 1985¹

The President has ordered the imposition by the United States of economic sanctions against the Government of Nicaragua under authority granted by the International Emergency Economic Powers Act and other authorities. The sanctions include a total embargo on trade with Nicaragua, notification of U.S. intent to terminate its Treaty of Friendship, Commerce, and Navigation with Nicaragua, and the suspension of service to the United States by Nicaraguan airlines and Nicaraguan flag vessels. A report on these actions is being sent today to the Congress.

The President authorized these steps in response to the emergency situation created by the Nicaraguan Government's aggressive activities in Central America. Nicaragua's continuing efforts to subvert its neighbors, its rapid and destabilizing military buildup, its close military and security ties to Cuba and the Soviet Union, and its imposition of communist totalitarian internal rule have been described fully in the past several weeks. Since the House of Representatives failed to act on the President's peace initiative, there have been further indications of this disturbing trend:

- The new ties between Nicaragua and the Soviet Union announced by TASS in connection with Daniel Ortega's current trip to Moscow;
- The recent apprehension in Honduras of several agents of the Nicaraguan state security service, who admitted that they have traveled to Honduras from Nicaragua in order to aid and assist Honduran insurgents;
- Delivery last week to Nicaragua by the Soviet Union of additional MI-8/17 helicopters;
- The delivery last week by East Germany of a large shipment of military transport equipment to Nicaragua; and
- The rejection by Nicaraguan leaders of any possible church-mediated

dialogue with the democratic opposition of Nicaragua.

These events and the recent Nicaraguan rejection of the President's peace initiative, viewed in the light of the constantly rising pressure that Nicaragua's military buildup places on the democratic nations of the region, makes clear the urgent threat that Nicaragua's activities represent to the security of the region and, therefore, to the security and foreign policy of the United States. The activities of Nicaragua, supported by the Soviet Union and its allies, are incompatible with normal commercial relations.

During the month-long debate on U.S. policy toward Nicaragua, many Members of Congress, both supporters and opponents of the Administration's proposals, called for the early application of economic sanctions. It should be understood, however, that the President does not consider the imposition of these sanctions to be a substitute for U.S. assistance to the unified democratic opposition.

The Administration has long made clear that changes in Sandinista behavior must occur if peace is to be achieved in Central America. In making this announcement, the President again calls on the Government of Nicaragua:

- To halt its export of armed insurrection, terrorism, and subversion in neighboring countries;
- To end its extensive military relationship with Cuba and the Soviet bloc and remove their military personnel;
- To stop its massive arms buildup and help restore the regional military balance; and
- To respect, in law and in practice, democratic pluralism and observance of full political and human rights in Nicaragua.

The Administration has repeatedly urged the Government of Nicaragua to respect its 1979 commitments to the Organization of American States (OAS) and more recently to the 1983 Contadora document of objectives, whose terms closely parallel our own basic objectives. Heretofore the Sandinistas have ignored or rejected all such appeals.

The American Embassy in Managua has just renewed with the Government of Nicaragua the President's strong endorsement for internal dialogue and reiterated his firm intention to pursue U.S. interests and national objectives in

Central America. In this regard, it should be noted that the measures being instituted by the President are easily rescinded if Nicaragua acts to relieve our concerns.

The President remains convinced that the church-mediated dialogue between the Government of Nicaragua and the unified democratic opposition, as called for by the resistance on March 1 and in the President's April 4 peace proposal, could make a major contribution to resolution of conflict in the region. The President continues to believe that direct pressure presents the only effective means of moderating Nicaraguan behavior and is using the means available to him toward that end. He urges all Members of the Congress to support future requests for assistance to the Nicaraguan democratic resistance. He has also made it clear that the embargo does not apply to those goods destined for the organized democratic resistance nor will it apply to donations of articles such as food, clothing, and medicine intended to be used to relieve human suffering.

In the meantime, U.S. application of these measures should be seen by the Government of Nicaragua and by those who abet it as unmistakable evidence that we take seriously the obligation to protect our security interests and those of our friends. The President calls again on the Government of Nicaragua to address seriously the concerns of its neighbors and its own democratic opposition and to honor its solemn commitments to noninterference, nonalignment, respect for democracy, and peace. Failure to do so will only diminish the prospects for a peaceful settlement in Central America.

MESSAGE TO THE CONGRESS, MAY 1, 1985¹

Pursuant to section 204(b) of the International Emergency Economic Powers Act, 50 U.S.C. 1703, I hereby report to the Congress that I have exercised my statutory authority to declare a national emergency and to prohibit: (1) all imports into the United States of goods and services of Nicaraguan origin; (2) all exports from the United States of goods to or destined for Nicaragua except those destined for the organized democratic resistance; (3) Nicaraguan air carriers from engaging in air transportation to or from points in the United States; and (4) vessels of Nicaraguan registry from entering into United States ports.

These prohibitions will become effective as of 12:01 a.m., Eastern Daylight Time, May 7, 1985.

I am enclosing a copy of the Executive Order that I have issued making this declaration and exercising these authorities.

1. I have authorized these steps in response to the emergency situation created by the Nicaraguan Government's aggressive activities in Central America. Nicaragua's continuing efforts to subvert its neighbors, its rapid and destabilizing military buildup, its close military and security ties to Cuba and the Soviet Union and its imposition of Communist totalitarian internal rule have been described fully in the past several weeks. The current visit by Nicaraguan President Ortega to Moscow underscores this disturbing trend. The recent rejection by Nicaragua of my peace initiative, viewed in the light of the constantly rising pressure that Nicaragua's military buildup places on the democratic nations of the region, makes clear the urgent threat that Nicaragua's activities represent to the security of the region and, therefore, to the security and foreign policy of the United States. The activities of Nicaragua, supported by the Soviet Union and its allies, are incompatible with normal commercial relations.

2. In taking these steps, I note that during this month's debate on U.S. policy toward Nicaragua, many Members of Congress, both supporters and opponents of my proposals, called for the early application of economic sanctions.

3. I have long made clear that changes in Sandinista behavior must occur if peace is to be achieved in Central America. At this time, I again call on the Government of Nicaragua:

- to halt its export of armed insurrection, terrorism, and subversion in neighboring countries;
- to end its extensive military relationship with Cuba and the Soviet Bloc and remove their military and security personnel;
- to stop its massive arms buildup and help restore the regional military balance; and
- to respect, in law and in practice, democratic pluralism and observance of full political and human rights in Nicaragua.

4. U.S. application of these sanctions should be seen by the Government of Nicaragua, and by those who abet it, as unmistakable evidence that we take seriously our security interests and those of our friends. I ask the Government of Nicaragua to address seriously the concerns of its neighbors and its own opposition and to honor its solemn commitments to non-interference, non-alignment, respect for democracy, and peace. Failure to do so will only diminish the prospects for a peaceful settlement in Central America.

RONALD REAGAN

EXECUTIVE ORDER 12513, MAY 1, 1985¹

Prohibiting Trade and Certain Other Transactions Involving Nicaragua

By the authority vested in me as President by the Constitution and laws of the United

States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*), the National Emergencies Act (50 U.S.C. 1601 *et seq.*), chapter 12 of Title 50 of the United States Code (50 U.S.C. 191 *et seq.*), and section 301 of Title 3 of the United States Code,

I, RONALD REAGAN, President of the United States of America, find that the policies and actions of the Government of Nicaragua constitute an unusual and extraordinary threat to the national security and foreign policy of the United States and hereby declare a national emergency to deal with that threat.

I hereby prohibit all imports into the United States of goods and services of Nicaraguan origin; all exports from the United States of goods to or destined for Nicaragua, except those destined for the organized democratic resistance, and transactions relating thereto.

I hereby prohibit Nicaraguan air carriers from engaging in air transportation to or from points in the United States, and transactions relating thereto.

In addition, I hereby prohibit vessels of Nicaraguan registry from entering into United States ports, and transactions relating thereto.

The Secretary of the Treasury is delegated and authorized to employ all powers granted to me by the International Emergency Economic Powers Act to carry out the purposes of this Order.

The prohibitions set forth in this Order shall be effective as of 12:01 a.m., Eastern Daylight Time, May 7, 1985, and shall be transmitted to the Congress and published in the *Federal Register*.

RONALD REAGAN

ASSISTANT SECRETARY MOTLEY, MAY 7, 1985²

The economic sanctions affecting Nicaragua ordered by President Reagan on May 1 are part of our continuing diplomatic effort to use all appropriate political, economic, and security measures to assist U.S. friends in Central America in defending themselves against the aggressive and destabilizing actions of the Sandinistas, Cubans, and Soviets in Nicaragua. The sanctions:

- Prohibit imports into the United States of Nicaraguan goods and services and exports of goods from the United States to Nicaragua; and
- Terminate air transportation to or from the United States by Nicaraguan air carriers and close our ports to all Nicaraguan flag vessels.

We have also notified the Government of Nicaragua of our intention to terminate our Treaty of Friendship, Commerce, and Navigation.

These measures will remain in effect until we conclude that the Government

of Nicaragua has taken concrete steps that address our concerns and those of their neighbors.

I have attached to this prepared statement a copy of the President's Executive order and of his report to the Congress pursuant to the International Emergency Economic Powers Act.

The President has assigned responsibility for the specific implementation of the actions under the act to the Secretary of the Treasury. This prepared statement focuses on how these measures fit into U.S. policy and what their impact is likely to be.

Sanctions as Part of U.S. Policy

The sanctions have three main objectives:

- To underscore to both friends and adversaries our determination to resist subversion and to protect our security and that of our friends;
- To reaffirm our opposition to Sandinista policies; and
- To maintain pressure on the Sandinistas as an inducement to change.

The basic policy of the United States is to support democracy, development, and security in Central America. This policy has been developed over several years with bipartisan congressional support and in close consultation with our neighbors in Central America. It is designed to help resolve that region's pervasive economic, social, and political problems and to counter persistent Soviet and Cuban efforts to establish there totalitarian regimes and incorporate the region into the Soviet sphere of influence.

The sanctions against Nicaragua are the latest expression of this comprehensive U.S. policy. There has been no change in our basic policy toward Nicaragua. We do not seek to overthrow that country's government. We have no plan to impose any particular government in Managua. We do insist, however, that the Government of Nicaragua change its behavior to halt support for armed insurrection and subversion elsewhere in Central America, end its military ties with Cuba and the Soviet bloc and send home their military and security personnel, reverse its military buildup so as to restore the regional military balance, and respect democratic pluralism and observance of full political and human rights in Nicaragua.

WESTERN HEMISPHERE

Changes in these four areas are essential for peace in Central America and for constructive relations between our two nations. These are not goals we have set unilaterally. They are goals which have been consistently and unanimously repeated for several years now. In fact, the Central American countries, including the Nicaraguan Government, agreed to all of them as objectives of the Contadora effort to resolve the conflicts in the region.

We have repeatedly urged the *comandantes*, in public and in private bilateral contacts, to respect their 1979 promises to the Nicaraguan people and to the OAS—commitments they reaffirmed in signing the 1983 Contadora document of objectives. To date the Sandinistas have rejected our appeals and those of their neighbors with the same intransigence they have shown toward their fellow Nicaraguans—including their country's Roman Catholic bishops.

The economic sanctions are an additional component of our continuing ef-

fort to induce the Nicaraguan Government to change its policies and actions. And changes in Sandinista behavior are essential for the peace process in Central America to succeed.

Nicaraguan Threat

Nicaragua's efforts to subvert its neighbors, its destabilizing military buildup, its close military ties to the Soviet bloc, and its totalitarian behavior represent a clear threat to the security of Central America and, therefore, to the United States. Over a period of almost 6 years, the policies and actions of the Nicaraguan Government have not moderated but have become increasingly intense, heightening the threat to U.S. national security and foreign policy interests.

President Ortega's visit to Moscow, on the heels of a debate in the U.S. Congress over concerns in this country about the direction in which Nicaragua is moving and the most appropriate U.S.

response, confirms both the Sandinistas' determination to continue their aggression in concert with the Soviet bloc and their belief that the United States lacks the resolve to defend U.S. interests and the interests of U.S. allies in Central America.

This past month has furnished numerous fresh indications of this disturbing pattern.

- In mid-April, seven agents of the Nicaraguan state security service were captured in Honduras. The Nicaraguan agents admitted that this was the third secret trip in 6 months in which they had transported arms from Nicaragua to Honduran guerrillas, whom they also assisted in recruiting and training.

- The Sandinista *comandantes* reaffirmed their rejection of any church-mediated dialogue with the Nicaraguan opposition.

- The Soviet Union delivered to Nicaragua additional MI-8/17 military helicopters.

- East Germany delivered a large shipment of military transport equipment.

- On April 29, during Daniel Ortega's visit to Moscow, TASS announced new ties between Nicaragua and the Soviet Union.

These events, like the Sandinistas' rejection of the President's peace initiative, must be considered along with the pressure that Nicaragua's military buildup places on the democratic nations of the region. They are continuing manifestations of the urgent threat that Nicaragua poses to the security of the region and, therefore, to the security and foreign policy of the United States.

This pattern of threatening behavior is not the sort of normal, ongoing difficulty we sometimes experience with other nations which do not share our views. Rather it constitutes an emergency situation which is incompatible with normal commercial relations between our two countries.

As Secretary Shultz said on April 25, perception of American weakness is "the most destabilizing factor on the global scene."

The *comandantes* must understand that the United States has both the means and the resolve to protect its interests in Central America.

Impact of the Sanctions on Nicaragua

Last month's debate on Nicaragua in the Congress and throughout the country revealed that awareness of Nicaragua's aggressive and threatening behavior is now widespread. Both supporters and

Pan American Day, Pan American Week, 1985

PROCLAMATION 5318, APR. 15, 1985¹

The countries of the Western Hemisphere are bound together by their humanitarian ideals, their respect for individual liberty, and their yearning for peace and prosperity—goals eloquently expressed in the Charter of the Organization of American States. Just as our Revolution of 1776 was an inspiration for Simon Bolivar and Jose de San Martin, so we in the United States took inspiration from the struggle of our neighbors to be free from foreign domination. We continue to take courage from those great struggles for liberty today, when new forms of tyranny and modern totalitarian systems threaten the peace and security of the Hemisphere, especially in Central America.

The Organization of American States, embodying the Inter-American System, links together this diverse group of nations, with their Spanish, Portuguese, French, English, African, and Indian heritages. But whatever their creeds, languages, or cultures, the peoples of our Hemisphere are united in the common cause of ending poverty, disease, and illiteracy. The OAS has played a notable role in this cause.

More and more countries of the Hemisphere are turning to democratic institutions to solve political, social, educational, and economic problems. They

realize that peace, prosperity, and freedom are best served when the people, faced with a real choice of political parties, freely elect their own governments.

On this Pan American Day of 1985, the people of the United States extend warm greetings to all their neighbors in the Americas and reaffirm their active support for the Organization of American States and the principles for which it stands.

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, do hereby proclaim Sunday, April 14, 1985, as Pan American Day, and the week beginning April 14, 1985, through April 20, 1985, as Pan American Week. I urge the Governors of every State of the Union, and the Governor of the Commonwealth of Puerto Rico, and officials of the other areas under the flag of the United States of America to honor these observances with appropriate activities and ceremonies.

IN WITNESS WHEREOF, I have hereunto set my hand this fifteenth day of April, in the year of our Lord nineteen hundred and eighty-five, and of the Independence of the United States of America the two hundred and ninth.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of Apr. 22, 1985. ■

opponents of direct assistance to the resistance forces urged the use of a variety of pressures, including economic measures, to influence the Nicaraguan Government to change its policies.

From 1979 to 1981, U.S. economic assistance to the new Sandinista government was larger than that provided by any other country. The United States also supported loans by international financial institutions to Nicaragua. Our expectation was that this money would be used to address the needs of the Nicaraguan people.

Only in 1981, after it had become clear that the Sandinistas were turning their energies to regional revolution instead of national reconstruction, providing extensive materiel support to guerrillas in El Salvador and using resources for arms buildup instead of meeting the needs of the Nicaraguan people, did the United States stop bilateral aid and begin to question Sandinista economic policies.

Sandinista economic failures are evident in every sector. Exports are down 90% in real terms. Foreign debt has tripled from \$1.6 to \$4.6 billion in less than 6 years. The private sector is discriminated against and showing the results. At the same time, the public sector has performed to the usual standards of Soviet economic management. Nicaragua has run into serious arrears with commercial creditors and some international financial institutions.

Although Nicaragua has recently paid some arrearages to the International Monetary Fund, the Sandinistas have cut off most of their creditors. Mexico and Venezuela have reduced or stopped oil deliveries because they have not been paid.

Exports to the United States declined from \$191 million in 1979 to \$99 million in 1983, although the United States remained Nicaragua's major trading partner. At the same time, Nicaragua's exports to Europe declined from \$160 million in 1979 to \$117 million in 1983.

But while U.S.-Nicaragua trade fell by about half and that with Western Europe fell by about a quarter, TASS reported on April 29 that Nicaragua-U.S.S.R. trade had increased ten-fold since 1980.

There is no other explanation: The *comandantes* are already allies of the Soviets politically and strategically. They are already working actively to undermine governments friendly to us in the region. In fact, Nicaragua's gradual incorporation into the Soviet bloc has been evident since the announcement in

Moscow on March 22, 1980, that Nicaragua had signed eight agreements with the Soviet Union providing Nicaraguan support for all pivotal Soviet positions from Afghanistan to Palestine. The only limit to the Sandinistas' strategic collaboration with the Soviets is their capability—which we hope our pressures, including the sanctions, will reduce.

The Future

The sanctions are carefully constructed to deal with the specifics of the Nicaraguan situation. They can be revised at any time. Their limits differentiate these sanctions from other more broadly drawn programs like that in effect toward Cuba or that adopted against Iran. In reviewing the options, we deliberately chose not to engage in sweeping financial controls that would have unpredictable, irreversible effects.

We have officially informed the Nicaraguan Government that we will lift the sanctions if they will take concrete steps on the dialogue and other areas of major concern to resolving the conflict in the region. We have also reiterated our support for the Contadora process, whose 1983 document of objectives remains the only agreed basis for regional peace.

We have again reiterated to the Government of Nicaragua our wish for a peaceful political resolution of the crisis in Central America. We have called on them again to accept the proposed dialogue with all elements of the opposition under church auspices. We have reiterated the President's April 4 proposal to assist that process, urging the *comandantes* to reconsider their rejection of the opposition's proposal for dialogue and a cease-fire. We strongly believe that such dialogue, consistent with the Contadora document of objectives, can lead to genuine reconciliation, which is a requisite for peace in Nicaragua and the region as a whole.

We are under no illusion that these new economic measures will, by themselves, bring about the changes in Nicaragua's behavior that are essential for peace. They complement, but cannot replace, the pressures created by the democratic resistance. Sanctions are not a substitute for funding for the resistance.

In short, the sanctions add an additional element of pressure on the Sandinista government that, cumulated with other direct and indirect pressures, may

have real impact on the behavior of the Sandinistas and their Cuban and Soviet backers.

¹Text from Weekly Compilation of Presidential Documents of May 6, 1985.

²The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Visit of Colombia's President



(White House photo by Pete Souza)

President Belisario Betancur of the Republic of Colombia made an official working visit to Washington, D.C., April 2-4, 1985, to meet with President Reagan and other government officials.

Following are remarks made by President Reagan and President Betancur after their meeting on April 4 and the text of the joint statement on narcotics.¹

REMARKS AFTER MEETING, APR. 4, 1985²

President Reagan

It's a pleasure to have you visit us here in Washington. I, in particular, am pleased to have had this opportunity to reciprocate the hospitality that you extended to me during my visit to Bogotá in 1982.

WESTERN HEMISPHERE

Your present visit gives us the opportunity to affirm, once again, the solid ties of friendship and good will between our two countries. As the leaders of free people, we share a commitment to the democratic ideals, which are at the heart of our societies.

Today we have renewed our mutual commitment to promoting democracy in this hemisphere, pursuing peace in Central America, and eliminating the scourge of narcotics trafficking from our societies. We have also explored areas of cooperation which can enhance the economic well-being of our peoples.

President Betancur, in trying to bring peace to Central America, you've played a key role in the Contadora process. And the United States fully supports the objectives of the Contadora process.

We join you in seeking a comprehensive and fully verifiable settlement of regional problems. And we, like you, believe peace can be achieved through national reconciliation and democracy. Colombia and El Salvador, for example, have invited talks with their opponents and encouraged them to be part of a truly democratic process. Those who seek democracy in Nicaragua have asked the Sandinistas to engage in talks as a step toward peace and democracy in Nicaragua. We hope that the Sandinistas will take that step toward reconciliation.

Later today I will be talking to the American people in greater detail about this subject. I am glad that President Betancur and I were able to discuss how the United States can best help the Contadora countries achieve all of the agreed-upon objectives for Central America, including national reconciliation in Nicaragua.

We admire your determination to end the strife which has plagued your country. The citizens of Colombia are, indeed, lucky to have a leader of vision, courage, and compassion. We wish you success and hope that those who have fought with weapons learn to work within the democratic process. It is appropriate that we praise your efforts to foster peace and brotherhood during this holy week.

Your personal courage and dedication are also evident in your government's all-out battle against narcotics traffickers. You have my unbounded respect for what you're doing.

The production of illicit narcotics and the peddling of these drugs, corrupt our societies, our children, and, with them, our future. The struggle against

this unmitigated evil unites all good and decent people. We look forward to Mrs. Betancur's return here later this month to join Nancy and other First Ladies in discussing the problem, especially as it affects our young people.

In the United States, the fight against drug use has a top priority. We're trying to help those on drugs get off, to prevent those not involved from starting. And we're doing our best to smash the trade in illegal drugs. This matter is of vital concern to us both, and in finding solutions to the problem, Colombia and the United States are full partners, as we affirm today in our joint statement on narcotics.

The illegal drug trade, as we both agree, is a cancer. Commercial trade, on the other hand, serves the interests of both our peoples. While Americans enjoy Colombian products such as coffee, cut flowers, and tropical fruits, Colombians benefit from U.S. technology and goods such as heavy machinery, chemicals, and wheat.

At a time when both our governments grapple with trade deficits in a world of many trading partners, let us build on our history of cooperation to develop trade policies which strengthen our economies, give incentive to enterprise, and encourage exchange between our peoples.

I look forward to working closely with you on these and other significant matters. On behalf of the United States, I extend warm wishes to both you, President Betancur, and to the Colombian people. We bid you farewell. We wish you a safe and happy journey home and a happy Easter.

President Betancur³

My visit to the United States, which was planned some months ago at the invitation of President Reagan, comes to an end today in the cordial climate of the White House.

It has been a good opportunity to speak with President Reagan, with Vice President Bush, with Secretary Shultz, and with other members of this Administration on several issues—some bilateral, others multilateral—which are of interest to the people of the Americas and, in particular, to our two nations.

Today, at your invitation, we have met in Washington to examine a number of multilateral and bilateral issues: among the first, the Central American crisis, the process of greater democracy in Latin America, the problems stemming from the foreign debt, the strengthening of the international coffee

agreement and of multilateral lending institutions, and the international fight against the drug traffic; among the latter, the macroeconomic adjustment program, with self-discipline and economic growth, and the trade relations between Colombia and the United States.

I have also taken advantage of this visit to exchange ideas with distinguished Congressmen, with senior officials from the international financial institutions, with outstanding personalities from the academic world, and important leaders from the U.S. private sector.

Regarding the Central American issue, I was able to bring up my concern with the problems that affect that region. I insisted on the urgency of reactivating the negotiating process of Contadora and of exhausting all efforts of conviction to implement the principles, commitments, and recommendations which are part of the document of objectives of the act of Contadora.

During a recent visit to the Central American region's countries, I was able to see for myself the renewed desire on their part to provide new possibilities for a dialogue and, for the countries which are a part of the Contadora group, their determination to offer whatever possibilities there may be in this same respect.

I am pleased to state that in my talks today with President Reagan, I have encountered the same constructive spirit and his decision to provide propitious conditions to carry out reconciliation dialogues that will ultimately lead to the full participation of the political and social forces in the democratic process of the countries affected by violence and civil strife.

I am pleased that the U.S. Government at this critical moment is approaching the problems of Central America with an open mind. And I am certain that this attitude will prevail throughout the region.

On the subject of narcotics, we are carrying out a frontal assault in my country in this respect. I refer you to the communique that President Reagan and I have issued, which clearly and categorically expresses the will of both countries to work together to rescue humanity from this scourge.

During the conversations with the authorities of the United States, I underscored the existing link that there is between the external debt and democracy and requested that a new round of negotiations—multilateral negotiations—be held to ease exports

from developing countries. I have noted with interest that the United States looks upon the coming economic summit to be held at Bonn as a good occasion to examine this important subject.

In connection to Colombia's autonomous program of macroeconomic adjustment, I wish to place on record the positive support that we have received from the Inter-American Development Bank, from the World Bank, from the International Monetary Fund, as well as from the Government of the United States through its Federal Reserve, and from the Treasury Department. I have personally seen tangible proof of this support while on this visit.

We believe that the time has come, as I said before Congress, for the United States and Latin America to redefine the parameters of their mutual relations. We need what I would call a new treatment—a new understanding, a common doctrine—an alliance for peace, with the determination to go from mere tolerance, that has marked the relations between Latin America and the United States, to the formulation of a new scheme of open, constructive, and fruitful cooperation.

This new treatment, this alliance for peace, will not only improve economic relations in the hemisphere, but it will also mean the adoption of political objectives to defend democracy, which is the great spiritual value of American civilization. This consensus would allow us to strengthen the hemisphere's political institutions, would enhance the likelihood of peace and the possibilities of an enduring economic growth.

Finally, it is not altogether possible in these brief remarks to bring out the significance that I assign to this historic visit to the United States, which has had a very tight schedule, as you know. I have made known to the authorities, candidly and without subterfuges, the totality of my ideas on issues which are of interest to us both.

I have been heard with attention and respect as befits the tradition of freedom and democracy of this great nation. I am pleased to state that it has been so and that I hope that my views and remarks will create a greater climate of understanding between the United States and Latin America—a vast, beautiful, and dynamic subcontinent that cherishes freedom and understands that to maintain and strengthen it, we need justice, and we need development.

JOINT STATEMENT, APR. 4, 1985

During our meeting today, we discussed the drug scourge which afflicts both our nations, the Hemisphere at large, and mankind generally. We reviewed the measures our two nations are taking and will take, separately and together, to combat the production, trafficking, demand and use of illicit narcotics.

Our nations recognize the terrible effect drug abuse has on the health and well-being of individual users, as well as more generally on the economies and public morality of both societies. It is especially deplorable when the drug poisons are found among the young and even small children.

Drug trafficking is a criminal activity that has no frontiers and can only be controlled by a combined effort of all countries involved. We have shared our concern that the financial power resulting from the enormous profits of illicit narcotics trade poses a terrible threat to democracy in the Americas. Our mutual dedication to the anti-narcotics struggle is an integral part of the close relations that exist between our two nations. We both see a vital need to enlist the cooperation of other governments in this intensified effort.

We understand that the gravity of the problem is a consequence of both illegal production and distribution of drugs as well as growing demand. We also understand these factors are closely related and all efforts to suppress one without at the same time taking equally vigorous actions against the other will be fruitless. For these reasons, each government is prepared to assume its responsibilities, eliminating both illegal production and drug abuse.

The United States recognizes the effort, the commitment of resources and the sacrifices that Colombia has made in destroying crops and laboratories, seizing shipments and bringing suspected drug traffickers to justice, including the extradition of traffickers accused of narcotics crimes in the United States. For the United States' part, enforcement activities are increasing and prevention and education programs are having positive results in reducing drug abuse.

We are in entire agreement on the need to continue these intensified efforts and to ensure the closest possible collaboration in the war against narcotics. Both nations reaffirm respect for our mutual legal obligations to extradite traffickers under our existing treaty, and will remain in close contact to

periodically examine and improve the framework of our legal and law enforcement cooperation as necessary to adapt to changing conditions as we learn from our experiences.

We have noted with satisfaction the beginning of new areas of cooperation against narcotics. Mrs. Reagan and Mrs. Betancur, who met earlier today at the White House, look forward to their meeting at the First Ladies' Conference on Drug Abuse, which will be held in Washington on April 24th. We are confident those meetings, in which they will play leading roles, will have a lasting impact.

Colombia renews the commitment to fight against drug trafficking at all levels in order to destroy the crops, the laboratories where drugs are processed, to interrupt the transportation to the U.S. market and to see that those responsible for the trafficking are severely punished. The United States commits itself to increasing its efforts to diminish use and demand of drugs, destroy crops, and to strengthen its support for the war against narcotics.

The cost of success in the past has been high. It has included the life of a Colombian Cabinet Minister, Rodrigo Lara Bonilla, and law enforcement officers from both countries. We cannot allow such sacrifices to have been in vain. We pledged to each other to revitalize and intensify our efforts to destroy the trafficking network. Our decision is irreversible, our dedication total. Nothing will deter us from this fight.

RONALD REAGAN
BELISARIO BETANCUR

¹Texts from Weekly Compilation of Presidential Documents of Apr. 8, 1985.

²Made to reporters assembled at the South Portico of the White House.

³President Betancur spoke in Spanish, and his remarks were translated by an interpreter. ■

Soviet Activities in Latin America and the Caribbean

by James H. Michel

Prepared statement to the Subcommittee on Western Hemisphere Affairs of the House Foreign Affairs Committee on February 28, 1985. Mr. Michel is Deputy Assistant Secretary for Inter-American Affairs.¹

In the course of the last 25 years, the Soviet Union has moved from having a marginal presence and little influence to being a major actor with multifaceted activities throughout Latin America and the Caribbean.

- In 1960, the Soviet Union had diplomatic relations with only five countries in the region and few significant overt relationships aside from ties to communist parties.

- Today, the Soviet Union has diplomatic relations with 16 countries, one of which, Cuba, is an active member of the Soviet bloc and a major conventional military actor in Africa as well as this hemisphere.

Public attention has recently focused on the Soviet Union's key role in the militarization of Nicaragua. But the range of Soviet activities is less widely appreciated: for example, the U.S.S.R. operates major electronic intelligence facilities aimed at the United States from Cuba, purchases \$1 billion of grain from Argentina every year, is a primary supplier of modern military hardware to Peru, and provides more official scholarships to Latin America than does the Government of the United States.

The nature of this varied Soviet presence, and the objectives which have led to its steady expansion, pose a major challenge to U.S. interests. They deserve careful attention in the formulation of U.S. policy.

Soviet Strategy

Historically, the Soviet Union paid scant attention to the Western Hemisphere, preferring to concentrate its energies on regions closer to the Soviet homeland and wishing to avoid confrontation in an area so close to the United States.

Cuba became the first exception to this pattern. The U.S.S.R. supported the development of a communist regime 90 miles from U.S. shores and in 1962

sought to exploit these circumstances to gain a major advance in nuclear capability vis-a-vis the United States. After that adventure turned sour, caution once again became the Soviet watchword. The Soviets did not, however, lose sight of the military importance of Cuba and continued to upgrade equipment, personnel, and missions on the island.

Apart from Cuba, Soviet policy has displayed differing tactics, intended to meet local circumstances.

The Caribbean Basin. Soviet interest in the Caribbean Basin grew markedly in the late 1970s. In looking for reasons why this was the case, I would suggest that the overall increase in Soviet global presence probably emboldened Kremlin planners. In Africa and elsewhere, the "correlation of forces" appeared to be shifting in directions favorable to the U.S.S.R. By 1979, the coming to power of the New JEWEL Movement in Grenada and of

the Sandinistas in Nicaragua certainly contributed to the view that the time was right to encourage and even arm minorities opposed to the status quo.

In reinforcing Marxist-Leninist regimes and movements and in encouraging insurgency in the Caribbean Basin, the U.S.S.R. has had three basic goals:

- To divert U.S. attention and U.S. resources to Latin America, thus providing the Soviets with potentially greater freedom of action in other parts of the world;
- To complicate U.S. defense planning in the event of hostilities; and
- To sustain the future-oriented image of Marxist-Leninist ideology in a world where communist regimes are generally failing to meet their people's needs.

South America. In South America, we see a different Soviet approach. The difference is reflected in the overt Soviet presence in South America as compared to the Caribbean. In South America, the Soviet Union maintains 10 Embassies, 7 trade offices, 6 civilian technical missions, and 1 military mission.

By contrast, in the Caribbean Basin (apart from Cuba) the Soviet Union has relations with few countries and maintains only 4 Embassies, 3 trade offices, 2 civilian technical missions, and 1 military mission (in Nicaragua).

In emphasizing official state-to-state relations with the larger countries of South America, the U.S.S.R. seeks to gain commercial advantages, to appear as a "responsible" member of the international community, and to promote anti-Americanism among countries with important international roles.

Case Studies

We are, of course, attempting here today to analyze the motivations and the actions of closed societies—the Soviet Union, Cuba, and other Soviet-bloc members. Our information is not comprehensive, and some of the available data is classified and based on sensitive sources. The U.S.S.R., for example, often acts through others or in concert with others in Western Hemisphere matters. Much of this cooperation is covert.

It is, therefore, often difficult to draw a dividing line between the actions of the Soviet Union and those of members of the Soviet bloc such as Cuba, the East European states, North Korea or Vietnam, and various "liberation" movements.

Communist Broadcasts to Latin America, December 1981

(hours per week)¹

Language	Country of Origin			Total ²
	U.S.S.R. ²	Eastern Europe	Cuba	
Armenian	7:00	—	—	7:00
Bulgarian	—	7:00	—	7:00
Creole/ French	3:30	—	14:00	17:30
German	—	5:15	—	5:15
Hungarian	—	11:00	—	11:00
Guarani/ Spanish	3:30	—	7:00	10:30
Portuguese	23:30	45:30	14:00	97:00
Quechua	1:00	—	12:50	13:50
Spanish	66:30	119:00	35:00	269:30
TOTAL	105:00	187:45	47:50	438:35

Source: United States Information Agency, Washington, D.C., Research Memorandum dated August 15, 1982.

¹Only programs beamed exclusively to Latin America are tabulated here. An additional 428 hours per week of global broadcasts could be heard in Latin America, including 7 hours per week in Spanish and 0 in Portuguese from the U.S.S.R., 166 in Spanish, and 104 in English from Cuba.

²The U.S.S.R.'s broadcasts exclusively to Latin America in December 1982 were the same as in December 1981.

³The total figures include weekly broadcasts by communist China (Portuguese, 14; Spanish, 35), North Korea (Spanish, 38), and Vietnam (Spanish, 10).

From Cole Blasier, *The Giant's Rival: The USSR and Latin America*, University of Pittsburgh Press, 1983

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Communist Representation in South America as of August 7, 1984

Argentina	E	E,T	E,T CT (20)	E,T	E,T	E,T	E,T	E,T, AF CT (30-40)	E,T	NRA		E,T	R	E,T
Bolivia		NRA	E(NRA) CT (17) T	T E(NRA)	E(NRA)	NRA	E(NRA)	E,T CT (26)	E	E				CT R
Brazil	NRA	E,T	E,T,C (2) CT (35)	E,T,C CT (16)	E,T CT (8)	E,T,C CT (14)	E,T CT (14)	E,T CT (39)	E,T,C (2) CT (4)			E		
Chile				T CT (4)			E,T CT (3)		C,T CT (3)			E,T CT (41) MA (3)		
Colombia	NRA	E,T	E,T	E,T	E,T	E,C,T	E,T	E,T CT (17)	E			E,T		
Ecuador	E(NRA)	E(NRA)	CT (2),E,T	E	E(NRA)	E(NRA)	E(NRA)	E,T,CT (2)	E	E(NRA)		E	E(NRA)	E
Guyana		NRA	NRA	NRA,T	NRA	NRA	NRA,T	E	E	R	E	E	NRA	E,CA CT (36)
Paraguay									NRA					
Peru	NRA	E	CT (24) E,T	E,T	E,T	E,T	E,CT (3)	E,T,AF CT (30) MA (150)	E CT (126)		T	E		E,CA
Suriname			R	R	R		R	E	R		R	E		R
Uruguay		E	E	E	E	E	E(NRA)	E	E					
Venezuela		E,T	E,T	E,T	E,T	E,T	E,T	E,T	E		NRA	E		R

Communist Representation in Middle America as of August 7, 1984

Antigua and Barbuda												NRA		
The Bahamas														NRA
Barbados			NRA				R		NRA		NRA	E		NRA,CA
Belize														
Costa Rica	NRA	R	E,T	NRA,T	NRA,T	NRA	E	CT (1) E,T	E	R			NRA	
Dominica											NRA			NRA
Dominican Republic							R		R					
El Salvador														
Grenada		NRA	NRA	NRA	NRA	NRA					NRA	R	R	R
Guatemala									CR					
Haiti							T							
Honduras			NRA			NRA	NRA		NRA					
Jamaica		NRA	NRA	NRA	NRA	NRA	NRA	E,AF C (1),T	NRA		E	E	NRA	CA
Mexico	E	E	E,T	E,T CT (15)	E	E,T	E,T	AF,E C (1),T	E	NRA	NRA	E	E	CA,E C(1),CT(25)
Nicaragua		E	E	E,CT(70)	E	E	NRA	E,AF CT(140) MA(40)	NRA		E		E	E,CA,CT 4,500-6,500 MA 2,500-3,500
Panama	NRA	NRA	NRA	R	NRA	E(NRA)	NRA	T	E				NRA	E,CA,T
St. Lucia							NRA				NRA			NRA
St. Vincent and the Grenadines											NRA			
Trinidad and Tobago			NRA		NRA		NRA	NRA	NRA			E		CA,NRA

R—Relations (no representatives exchanged)

E—Embassy

E(NRA)—Embassy (nonresident ambassador)

NRA—Nonresident ambassador

C—Consulate (number). This is a consulate in addition to the one normally associated with an Embassy.

CR—Consular Relations

T—Trade Office

CT—Civilian Technicians (number)

MA—Military Advisers (number)

AF—Aeroflot Scheduled Service

CA—Cubana Air Line Scheduled Service

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Cuba. Cuba is the cornerstone of the Soviet policy of support for insurgency and the destabilization of democratic nations in the Caribbean Basin. The Soviets have built the island into a heavily armed military outpost, and they singlehandedly keep the island's failing economy afloat. This very expensive subsidy is unique in Soviet foreign affairs.

Cuba is perceived by the U.S.S.R. as a major military asset. In addition, Cuba is presumably intended to be a showcase of Latin American "socialism," but that has been less successful. Like their Soviet patron, the Cubans have been able to build an impressive military establishment but have been unable to run a civilian economy.

Cuba occupies a special position in the Soviet bloc.

- Cuba now receives more than \$4 billion annually in economic aid from the U.S.S.R. This aid constitutes one-quarter of Cuba's GNP [gross national product] and is the largest account in the U.S.S.R.'s global economic assistance program.

- In addition to maintaining a combat brigade of 2,800 men in Cuba, the Soviets have 2,800 military and some 7,000 civilian advisers in Cuba. Soviet intelligence officers within the hierarchy of the Cuban Directorate of Intelligence have decisionmaking authority.

- The Soviets have constructed a major intelligence gathering facility operated by 2,100 Soviet technicians at Lourdes, near Havana. This electronic facility monitors a wide range of U.S. civilian and military communications and is the most sophisticated such Soviet facility outside the territory of the U.S.S.R.

- Periodic Soviet air deployments stage from Cuba. Naval visits are also part of the Soviet Caribbean presence, Soviet navy task forces having deployed 24 times to the Caribbean since 1969.

- More than 60,000 tons of Soviet arms were delivered to Cuba in both 1981 and 1982 (the highest levels since the 1962 missile crisis). The 1983 and 1984 shipments were only slightly lower at 51,000 and 56,000, respectively.

Soviet arms deliveries have made Cuba's Armed Forces the best-equipped in Latin America, with a demonstrated capability of force projection as far afield as Africa and with more extensive and more recent foreign combat experience than any other army in the hemisphere; 160,000 active duty personnel and 135,000 well-trained reservists operate more than 950 tanks and more

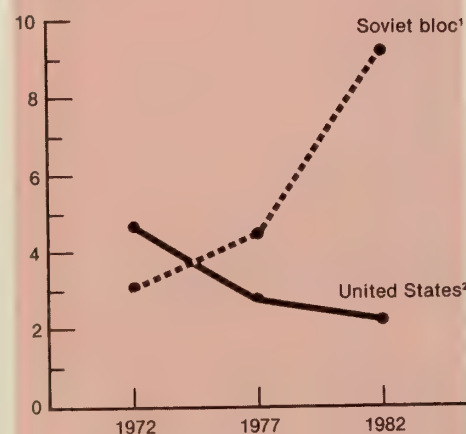
than 200 jet fighters, some of them Mig-23s. The Cuban Navy—already equipped with frigates, submarines, missile- and torpedo-equipped patrol boats—has recently added two amphibious landing ships.

Not every action of the Cuban Government necessarily has full Soviet approval or support. But Cuba's current level of activities, particularly abroad, would be impossible without this extraordinary level of Soviet military and economic support.

Grenada. The rich volume of documents recovered during the Grenada rescue mission (and now available to the public in the National Archives) illustrates the pattern of Soviet/Cuban strategies in the Caribbean Basin. The documents detail the way in which Maurice Bishop's New JEWEL Movement sought—in classic Marxist fashion and in close cooperation with Soviet bloc—to establish a totalitarian regime and to repress individual freedoms. Also included among these documents were five secret military agreements—three with the U.S.S.R., one with Cuba, and one with North Korea.

Latin America and the Caribbean: U.S. and Soviet-Bloc Government-Sponsored Exchanges

No. of Students (thousands)



¹Excludes Cuba.

²Excludes the large number of nongovernment-sponsored students studying in the United States.

Source: "U.S. and Soviet-Bloc Training of Latin American Students: Considerations in Developing Future U.S. Programs," report to Congress by the Comptroller General, August 16, 1984 (GAO/NSIAD-84-109).

Cuba served as the primary funnel for Soviet military, economic, and technical assistance to Grenada and built the Point Salines airport. Grenada became a clandestine storage base for large quantities of Soviet arms and ammunition, far in excess of Grenadian defense needs. Grenada also became the focal point of antidemocratic activities in the eastern Caribbean. In doing this, Grenada surrendered a large part of its sovereignty to the Cubans and Soviets.

Nicaragua. The Soviets and their Cuban allies have also been instrumental in aiding the Sandinistas to tighten Marxist-Leninist rule in Nicaragua. After nearly 6 years of Sandinista rule, no sector of Nicaraguan society—be it the church, unions, private schools, the business community, political parties, the media, or Indian groups—remains unaffected. Some 3,000 Cuban military and security personnel attached to Nicaragua's Armed Forces, internal security, and intelligence organizations have played a key role from the start in helping the Sandinistas to develop and impose a system of mass controls. The Soviet presence in Nicaragua is modest by comparison.

The internal clamp-down in Nicaragua is complemented by that Sandinista military buildup.

- Sandinista internal security and military strength now stands at 62,000 men on active duty, with an additional 57,000 serving in the reserves and the militia.

- The Sandinista military has received 340 tanks and armored vehicles and 70 long-range howitzers, providing a ground-strike force superior to any of the neighboring countries.

- The Nicaraguan Air Force now fields a half dozen Soviet MI-24 helicopter gunships, among the most advanced in the Soviet inventory.

- More than 20 major new military facilities and bases have been constructed with financing and technical assistance from the U.S.S.R., Cuba, and other Soviet-bloc nations.

The Underpinnings of Soviet Action

Use of Surrogates. Sensitive to the Caribbean Basin's proximity to the United States, the U.S.S.R. has preferred to work covertly and indirectly through intermediaries. Could Grenada possibly be a threat to anyone? Yet in October 1983, this tiny country, whose ruling party had 80 members and 83 candidate members, harbored some 800 Cubans, 49 Soviets, 17 Libyans, 15

North Koreans, 10 East Germans, and 3 Bulgarians and was well on its way to becoming an unsinkable aircraft carrier in the service of the Soviet bloc.

The Soviet Union's ability to act through others, particularly through personnel or organizations acting in the name of small developing countries, has given it a significant operational and propaganda advantage vis-a-vis the West. By disguising Soviet activities and increasing local impact, the use of countries like Grenada, Nicaragua, and even Cuba—all of which are so small as to seem incapable of threatening U.S. interests—seeks to lull Western public opinion against accepting the reality of the Soviet challenge.

One reason for the use of Cuba as a surrogate is the comparatively greater effectiveness of Cuban diplomats, military advisers, technicians, and covert agents. They speak the main regional language and are themselves products of a local culture. In Central America's armed conflicts, Cubans can pass as natives of a Central American country. But use of the Cubans as surrogates is particularly important because it helps maintain a low profile for the U.S.S.R. itself. This, the Soviets hope, deflects international criticism and perhaps even some American public concern at their interference in a region so close, in all senses, to the United States.

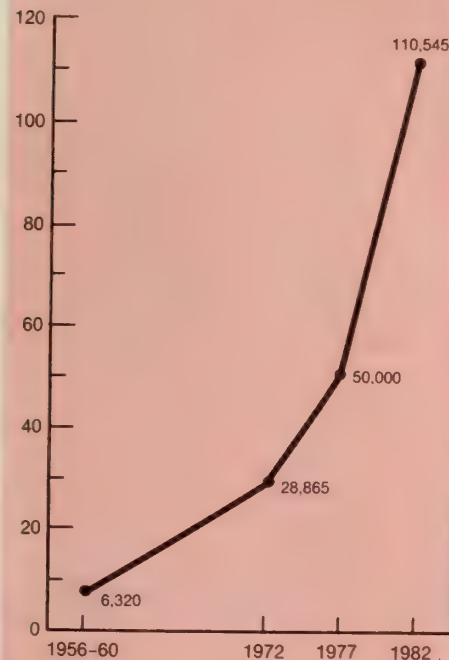
Guerrilla Insurgencies. Throughout the 1960s, the Soviets held aloof from Castro's attempts to foment guerrilla wars in Latin America. The Soviets argued that the "objective conditions" for revolution did not exist in the region, and their view was supported by the persistent failure of Cuban efforts.

The Soviets are, of course, not opposed in principle to armed violence. Article 28 of the new Soviet Constitution, adopted in 1977, commits the U.S.S.R. to support "the struggle of peoples for national liberation and social progress." This is quite similar to Article 12(c) of the 1976 Cuban Constitution. Soviet writings and propaganda also repeatedly stress Soviet backing for insurgencies. Soviet-Cuban differences in the 1960s were thus a matter of tactics, not principle.

Since the mid-1970s, there has been convergence of views between the Soviets and Cubans in support of armed violence in Central America. Certainly guerrilla successes in Vietnam, Angola, and Nicaragua have made insurgencies seem more promising.

Latin America and the Caribbean: Soviet-Bloc Scholarships¹

No. of Students (thousands)



¹Estimates include Cuban academic and technical scholarships as well as youth and children studying on the Isle of Youth.

Source: "U.S. and Soviet-Bloc Training of Latin American Students: Considerations in Developing Future U.S. Programs," report to Congress by the Comptroller General, August 16, 1984 (GAO/NSIAD-84-109).

Cuban military facilities have been available for the training of terrorists since the first years of the Castro regime. At least 20,000 persons, including some from virtually every Latin American nation, have received training in these schools. Since the Sandinista takeover in Nicaragua, potential guerrillas from all over Central America have found it easier to receive Cuban training. The Cubans now transport them via unscheduled flights to and from Nicaragua.

Soviet-bloc support for subversion in El Salvador is multifaceted.

- The Cuban role in unifying the Salvadoran guerrillas is well known. In 1980, five factions were united by Castro into the Farabundo Marti National Liberation Front (FMLN).
- The Soviet bloc as a whole became involved in arming the FMLN as a result of the 1980 travels of Shafik Handal, Secretary General of the

Moscow-line Salvadoran Communist Party, to the Soviet Union, Eastern Europe, Vietnam, and Ethiopia to obtain weapons for the guerrillas' failed 1981 "final offensive."

• Guerrilla defectors have repeatedly stressed the Cuban/Nicaraguan role in training and in the planning of operations. Alejandro Montenegro, the guerrilla leader who commanded the attack against the Ilopango Air Force Base in 1981, revealed after defecting that the operation had been planned in Cuba and that the attackers had trained for the assault in Cuban schools. Intelligence reporting indicates that guerrilla military leaders and their political front men have traveled to Havana to consult with Cuban leaders.

• Nicaragua continues to host the main command and logistic center for the FMLN guerrillas in El Salvador. Weapons, ammunition, and supplies continue to filter into El Salvador from Nicaragua through a variety of land, sea, and air routes.

Soviet-bloc support for subversion has not been limited to El Salvador. The Cubans have attempted to unify the guerrilla groups in Guatemala and have trained guerrillas destined for Colombia. Nicaragua has sponsored terrorist actions in Costa Rica. In 1983 and again in 1984, Cuban-trained guerrillas infiltrated into Honduras from Nicaragua only to be quickly defeated by Honduran forces. The documents found in Grenada contained repeated references to the New JEWEL Movement's ambition to emulate, in the eastern Caribbean, Nicaragua's role in Central America.

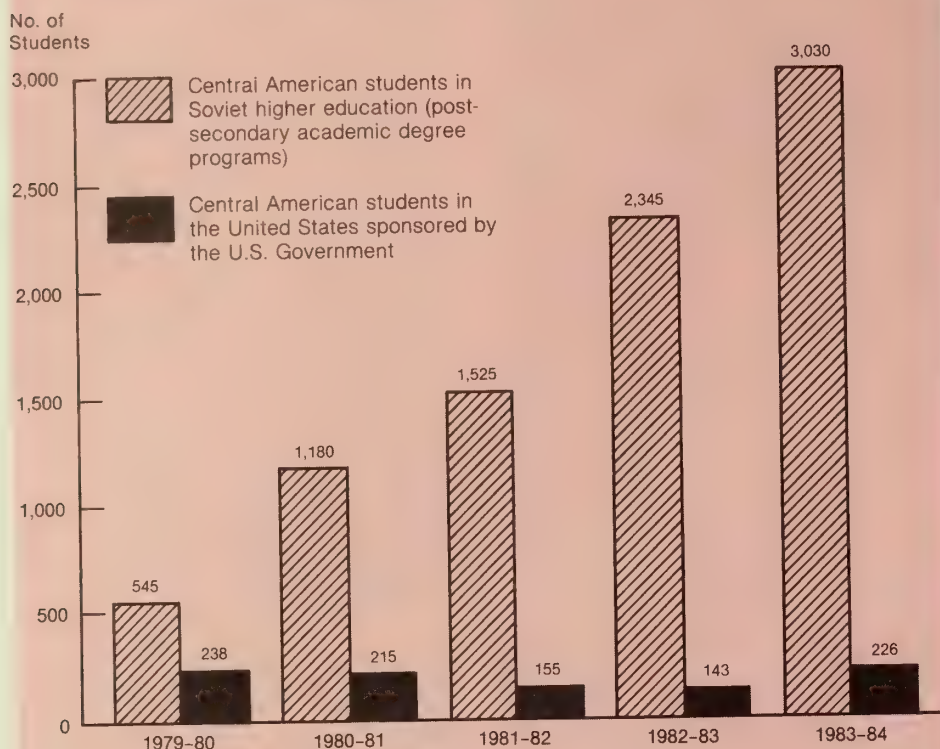
State-to-State Relations. While the Soviets support insurgencies in some countries, mainly in the Caribbean Basin, they emphasize diplomatic and commercial relations in others—mainly in South America. The U.S.S.R. takes a long-term view of political developments and will patiently develop contacts with opposition forces in host countries while providing funding, scholarships, training, and other support.

Despite trade fairs and cultural activities, Soviet economic penetration of Latin America is limited. Only in Peru and Argentina have the Soviets achieved significant relationships. The Soviet Union was at one time Argentina's number-one trading partner, principally due to large grain sales. In the case of Peru, Soviet ties result from the sale of arms to the Peruvian military.

The long-term impact of Soviet ties with Peru is not clear. The U.S.S.R. has developed a meaningful presence,

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Central American Students in U.S. and U.S.S.R., Academic Years 1979-84



Source: United States Information Agency.

but the Peruvians are increasingly aware that the weapons the Soviets have provided are not relevant to the pressing internal security threat.

Both Soviets and Cubans actively seek to open offices and gain landing rights for their airlines, even though there is little prospect of these enterprises being economically viable.

Soviet magazines and communist broadcasts are supplemented by offices of official press organs such as TASS, Novosti, and Prensa Latina. Nicaragua has now entered this field with its New Nicaragua News Agency. These offices function as vehicles for "active measures" (see "Active Measures," p. 6).

Scholarships. Both the Soviet Union and Cuba have invested heavily in scholarships for Latin American and Caribbean students. This is a major, growing program that operates directly or indirectly in more than four-fifths of the countries of the region.

- The total number of academic students in the U.S.S.R. from Latin America and the Caribbean has more

than doubled in the last 5 years, rising from 2,900 in 1979 to 7,600 at the end of 1983.

- In addition, there were approximately 3,000 such students in East European countries in 1983, and another 6,400 in Cuba in 1984. Of the students in Cuba, about 5,600 came from Central America and 380 from the Caribbean.

- While the Soviets and Cubans have been plagued by the nonrecognition of their degrees in many Latin countries, these barriers have begun to fall. The U.S.S.R. signed agreements with Ecuador and Nicaragua in 1982 allowing for the recognition of Soviet degrees. Returning graduates have entered the professions and government bureaucracies in Costa Rica, Panama, and several other democracies.

Active Measures. In Latin America, regional front groups, mostly directed from Havana, are the major Soviet vehicle for "active measures"—the dissemination of misleading or false news stories designed to damage Western interests in Latin America.

As part of a massive campaign involving virtually all Soviet and Cuban international fronts against the Grenada rescue mission, Soviet media carried charges that U.S. forces had killed over 2,000 Grenadians with chemical weapons and filmed their agony. A rumor which first appeared in the Indian press was widely replayed reporting that the United States was responsible for the death of former Grenadian Prime Minister Maurice Bishop.

Other Soviet active measures have accused the United States of germ warfare in El Salvador and claimed that Pentagon use of chemical weapons in El Salvador has caused outbreaks of polio, conjunctivitis, and chemical bronchitis. The Soviets also distorted charges made by an ecological organization before a UN forum in Nairobi about the use of defoliants in the Amazon Basin by the Brazilian Government to clear space for new hydroelectric projects. The Soviets circulated reports that the United States was testing chemical/biological weapons on the local population.

In February 1984, two forged U.S. documents, purported to be State Airgram 1490 and Munitions Control Bulletin No. 98, were planted in Peru to "prove" that the U.S. Government was planning to supply massive amounts of arms to Chile, including Pershing missiles.

Conclusion

Soviet actions, both direct and through others, have become increasingly significant in the hemisphere, particularly in the Caribbean Basin. U.S. policy in Latin America and the Caribbean must recognize this reality and take it into account. *Laissez-passez* is not an option.

Some argue that the United States can only make matters worse by reacting, that Soviet gains are the result of U.S. mistakes. We refused to sell F-5s to Peru, and the Soviets ultimately sold Sukhois. We embargoed U.S. grain sales to the Soviet Union, and the Soviets bought heavily from Argentina. But the ties thus formed only underscore that, whatever the Soviets' intentions in the hemisphere, what the United States does or does not do still matters.

To deprive the Soviet Union of the opportunity to fish in waters already troubled by historic and often deeply rooted political and economic problems, the United States must act with constancy to help our neighbors make democracy work and achieve equitable,

sustained economic growth. We must encourage peaceful solutions to conflict and, at the same time, help to provide security against violent threats to liberty and individual opportunity.

These would be wise policies for the United States even if the Soviet Union were not as active in this hemisphere. It is obvious, for example, that more students from Latin America and the Caribbean should receive scholarships for study in the United States that will help them to build a better future. The fact that the majority of foreign scholarships now available to these students are from the Soviet bloc adds another important reason for a major increase in U.S. scholarship programs.

In sum, the policy interests of the United States in Latin America and the Caribbean are challenged not only by

endemic political, social, economic, and security conditions but also by an active, sophisticated, and opportunistic Soviet effort to gain increased influence in the region. To meet these challenges will require a long-term national commitment in which the executive branch can act effectively with bipartisan support from the Congress. If we are divided and indecisive, we will jeopardize important national interests. I hope that this hearing will help to increase public understanding of the challenges we face and, in this way, contribute to achieving the national resolve we must have.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Situation In Chile

Following are statements by Gary Matthews, Acting Assistant Secretary for Human Rights and Humanitarian Affairs, and James H. Michel, Deputy Assistant Secretary for Inter-American Affairs, before the Subcommittees on Human Rights and International Organizations and on Western Hemisphere Affairs of the House Foreign Affairs Committee on March 20, 1985.¹

ACTING ASSISTANT SECRETARY MATTHEWS

I am pleased to have this opportunity to appear before the Human Rights and Western Hemisphere subcommittees, together with Deputy Assistant Secretary Michel to discuss the situation in Chile. Mr. Michel will address the overall situation in Chile, review the U.S. policy of support for democracy in Chile, and outline for you the steps we are taking in pursuit of this policy.

Human Rights Dimension

In my statement today, I would like to focus on the human rights dimension of the situation in Chile. The human rights situation in Chile and our views were fully laid out in the 1984 Country Report on Human Rights Practices, a copy of which, with your permission, I will submit for the record.

At this time, I would like to focus my remarks, and the attention of the committee on three key aspects of the

human rights situation which we believe critical. First, the total absence of freedom of expression. Second, the ongoing problem of torture, and third, the denial of the rights of citizens to participate in decisions affecting the political future of Chile.

I would also like to use this occasion to raise with the subcommittees our concern that the human rights situation may worsen in Chile for two reasons: the failure of the government to take any steps under the 1980 Constitution to put the transition process in motion, and second, the decision by the Chilean Communist Party to attempt to provoke an armed insurrection. With regard to this latter point, I would like to submit for the record the text of a Radio Moscow broadcast of March 2 transmitting the decisions of the January Plenum of the Chilean Communist Party to use all means, including armed violence against the Chilean Government, to support the Manuel Rodriguez Patriotic Front, described by the party document as an allied organization. I would also like to submit for the record the February 7 text of the press release of the Manuel Rodriguez Patriotic Front indicating the group's intention to launch major terrorist actions against the Government this month.

Freedom of Expression

Let me, first, however, focus our concerns on the issue of freedom of expression and, specifically, freedom of the

press. We hope that the current restrictions on freedom of the press will be lifted rather than institutionalized. Let me review for the committee what steps were taken over the past 18 months to choke off the flow of information to the people of Chile.

After relaxing controls on the media in 1983, the government reestablished and enlarged restrictions on freedom of the press in 1984. Various edicts were issued throughout the year imposing censorship, banning photographs, and regulating placement and coverage of news stories. Some publications were suspended, and several journalists were arrested. Although early in 1984 the courts threw out most of the edicts as unconstitutional, the government achieved its short-term objective of blocking reportage of specific issues. With the imposition on November 6, 1984, of the state of siege, control of the media was greatly expanded; five opposition periodicals were suspended from publication and a sixth subjected to censorship.

Torture

I would now like to turn to the issue of torture. Torture and police brutality continued to be a serious problem in 1984. Torture is practiced by the security services, particularly the CNI [National Information Center] in actions related to its antiterrorist mandate. Although high government officials deny that the use of torture is authorized, there is no evidence of government action to end torture. We continue to receive reports of torture by the security forces. One individual, who died apparently as a result of torture while in CNI custody, had been subjected to electrical shocks and repeated blows to the abdomen. In 1984, 84 persons filed complaints in the courts alleging torture or cruel and unusual punishment as compared with 77 in 1983. However, as yet no cases have completed the court process. Most civilian judges have referred the cases to military courts for lack of jurisdiction. In the few cases where civilian judges have named individuals as being responsible for torture, the military courts have failed to act and no military person has as yet been charged or tried for torture.

The torture issue is directly related to the problems of political violence, political detentions, and the lack of legal due process. Individual and group arrests for security reasons increased in 1984, as did denials of the right to a fair public trial as a result of the imposition

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of the state of siege. The government conducted several mass sweeps of poorer neighborhoods, temporarily detained over 8,000 persons, and sent 678 persons into internal exile to remote camps without charges or the benefit of trial. At the end of 1984, there were 274 persons imprisoned in Chile for politically motivated acts, some of which were violent; 766 were internally exiled to remote camps for up to 3 months not subject to judicial review; and 8 persons were expelled from Chile. Politically motivated violence and killings increased during 1984. According to our information, a total of 58 persons were killed and 515 injured in various incidents resulting from actions by the government, by left and rightwing terrorists, and by those associated with protest demonstrations. For example, 24 civilians and 9 uniformed security agents were killed during demonstrations. Two deaths involved individuals who died under mysterious circumstances after having been arrested by security forces. These deaths are under judicial investigation.

Political Restraints

Our third area of concern lies in what I might call participation. Mr. Chairman, the people of Chile have virtually no say in the daily governance of their country. The restrictions on freedom of association continued and intensified in 1984. Under the state of siege all political and labor organizations must give 5 days' notice to the authorities of their intention to assemble. Political parties continue to function, but they are either illegal or suspended and therefore under restraints. In the area of freedom of movement, the government published a list of 4,860 names of exiles who would not be allowed to return to Chile, stating that all others were free to return.

The extension of the state of siege on February 4 for another 90 days has led predictably to further deterioration of the human rights situation. Although the number of arrests and relegations into internal exile has diminished in comparison to the last 3 months of 1984, the tight restrictions on freedom of speech, press, and association continue to stifle the free political discussion that is essential to addressing Chile's political problems. No movement has been made on initiating a dialogue between the government and the political opposition.

One of the most disappointing aspects of the Chilean human rights situation is the government's position on the process toward a transition to

democracy. Until the state of siege, political parties were allowed to function in an increasingly open manner. In fact, President Pinochet [of Chile] had committed himself to the issuance of a law legalizing political parties. Then, giving the increase in terrorist incidents and protest demonstrations as the rationale, he declared on October 29 of last year that the political parties law would not be passed until after an electoral law and a law on an electoral tribunal were passed. Without these first important steps towards a transition, there can be no movement toward democracy.

U.S. Policy

In this unhappy situation, it is more important than ever that U.S. policy be conducted with clarity, firmness, and flexibility. We believe strongly that the surest and quickest way to improve the human rights situation in Chile is a return to Chile's historic tradition of democratic government. The situation is not directly comparable to what happened in Argentina and Uruguay, but there are some parallels. As in Argentina and Uruguay earlier, U.S. policy is forcefully to express our belief that fundamental human rights must be respected. This we have done by official statements to the press and at the United Nations by explaining our concerns in diplomatic channels, and by other actions as well.

It is also our policy to express firm support for a return to democratic government and to conduct an active diplomatic effort on behalf of the transition. A critical problem now blocking a successful dialogue between government and opposition is the restriction on freedom of expression. The non-governmental participants in the political process, especially the political parties, the church, and the labor unions, must be free to present and explain their ideas and to have them reported and analyzed in the press. The Chilean people must be allowed to hear and read the opinions of all sides and freely to discuss the issues. Then it will be possible to move ahead with the political process.

From a purely human rights perspective, this combination of lack of freedom of expression, torture by government officials, and no legitimate communication between the government and the governed is a dangerous and volatile mixture. It is cause for additional concern when one considers that only 48 months remain before the scheduled 1989 plebiscite on a junta-nominated Presidential candidate, and

no steps have been taken to legalize political parties and get them functioning, reestablish electoral registers destroyed in 1974, establish an elections law deciding on what system of representation will be used, and establish an elections commission. Added to this worrisome picture is the increase in communist-backed terrorism, a clear effort to stop the government and democratic forces from reaching agreement on a transition schedule. Unless steps are taken in the near term to redress the three main areas of human rights problems that I have outlined, we fear that the situation in Chile could worsen. It is already bad. However, the prospects for a peaceful resolution of the issues that I have addressed in these remarks are in the balance.

We are well aware that our actions, while well intentioned, are only peripheral to what Chileans themselves must do to rectify the situation. Nevertheless, we are not indifferent to a situation in which U.S. interests, human rights, and others, may be threatened by the prospects of disorder and lack of movement toward democracy in Chile.

The crucial question is, how can we help to improve the human rights situation in Chile? We are convinced that, as bad as the situation now appears, we must remain engaged in the effort to develop the political dialogue that will lead into the transition to democracy. The appearance here in the capital today of [Argentine] President Alfonsín reminds all of us that dramatic change is possible. We have already seen efforts by the Government of Chile and by the democratic opposition to find a mutually satisfactory basis for negotiation on the transition modalities. The democratic political parties continue to work toward a common opposition platform from which they can negotiate with the government.

This is not the time for the United States to walk away. Rather, we must remain involved and intensify our diplomatic efforts in support of the political process now at work in Chile. In this way, we can help ensure that the result of the process will be greater respect for human rights and not further repression by a government of either extreme.

DEPUTY ASSISTANT SECRETARY MICHEL

I welcome this opportunity to appear before your two subcommittees, to discuss U.S. policy toward Chile. Mr. Matthews has addressed the human rights dimension of the situation in

Chile. I, therefore, propose to place the human rights issue in the context of our overall relations with Chile.

At the outset, I want to state unequivocally that U.S. policy is to support a transition to democracy in Chile, just as we support the trend toward democracy throughout this hemisphere. Our actions and strategies with respect to Chile are intended to advance that fundamental policy. As you know, Assistant Secretary [for Inter-American Affairs] Motley visited Chile from February 17 to 20 to discuss the transition to democracy with the government, moderate democratic forces, the church, democratic labor and professional organizations, and private sector representatives. In addition to conveying our support for the return to democracy in Chile, Ambassador Motley took this occasion to review U.S. security, economic, and commercial interests in Chile. I also visited Chile on a similar mission some 12 weeks ago, shortly after the state of siege was imposed in November. Deputy Assistant Secretary of Defense Nestor Sanchez completed a visit to Chile last week.

Earthquake Victims

Before I address the purpose, results and prospects of these diplomatic initiatives, let me raise with you a matter of immediate concern to the Administration, and I am sure, to the Congress—that is the welfare and well-being of the Chilean people following the terrible earthquake on March 3. Mr. Chairman, our prayers and sympathy are with the people of Chile.

Our Embassy reports that over 258,000 people are homeless and have been living out-of-doors or in makeshift shelters for the past 17 days. Another 520,000 people had their homes heavily damaged. Entire communities have been destroyed. Just as we await the arrival of spring in Washington, the earthquake victims in Chile are facing the arrival of winter. The most poor, who were among the hardest hit by this disaster, will confront even greater hardship, unless adequate shelter, health, and water facilities are found in the next 4 weeks.

The U.S. Government is actively assisting the victims of the earthquake. We dispatched a disaster assistance survey team to cooperate with Chilean authorities in determining the most pressing human needs. The survey team was supplemented by the addition of other relief officers who arrived last week. In addition, Ambassador [James D.] Theberge and our entire Embassy in

Santiago are engaged in the relief operation. We are concentrating our immediate efforts on providing temporary shelter, emergency health maintenance, and establishing potable water supplies. Over the past 2 weeks we have sent two large airlifts of relief supplies, including temporary water reservoirs, water containers, water purification chemicals, and plastic sheeting. The total value of U.S. assistance to date is approximately \$800,000, including \$75,000 in cash, \$25,000 of which was allocated last week by Ambassador Theberge to the children's wing of a major hospital damaged by the earthquake.

Mr. Chairman, the amount of aid allocated to date is very small compared to the great needs that confront the people of Chile. Whatever political issues may exist, I am sure they are not with the Chilean people. As you consider the resolution now before you, we ask that you give careful attention to the human, as well as the political, dimension of the problems confronted by the Chilean people.

Proposed Relations

Let me now address the resolution to be considered by the subcommittees, which was also introduced in the Senate. Our written submission to Chairman [Dante] Fascell noted that we find many areas of agreement in the preambulatory paragraphs of the resolution. We share the Congress' support for a return to democratic government in Chile. We deplore the human rights abuses documented in our 1984 report to Congress. We have questioned whether conditions justified extension of the state of siege and have called for it to be lifted.

In our view, however, the measures proposed in the resolution would have little bearing on the objective of supporting the process of returning Chile to democracy. For example, the resolution would have us restrict U.S. security interests by ceasing joint military-related activities, such as the annual UNITAS [inter-American] naval exercises. It would also hinder U.S. foreign direct investment and, therefore, U.S. economic interests, by barring OPIC [Overseas Private Investment Corporation] insurance, and it would curtail U.S. support for multilateral lending for development projects benefitting the Chilean population at large. These sanctions affect the U.S. interests. They do not address the interests of the Chilean people or support an internal Chilean process of returning to democracy. While convenient targets of opportunity from a domestic political viewpoint, it is our

assessment that none of these measures address the essential issue, i.e., how to support an authentic transition to democracy designed and managed by Chileans themselves.

The people of Chile deserve our support in this process. We do not believe that the measures outlined in the proposed resolution provide such support. On the contrary, they could complicate the transition process by delaying economic recovery, increasing internal tensions, and reducing even further our ability to support the transition process. The Administration, therefore, asks that the subcommittees carefully review the measures advocated in the second part of the resolution.

At this point let me outline for you what steps the Administration is taking. And as you consider what I have to say, let me emphasize that we welcome and want a bipartisan approach to our policy in Chile. We hope that the executive and legislative branches, working together, can present the people of Chile with clear and compelling evidence of U.S. support for democracy in that country.

First, with democracy as the overriding objective, our policy responds to the full range of U.S. interests in Chile and is not conclusively determined by any single issue. Second, the conduct of our relations with Chile centers on diplomatic means, with due regard for public diplomacy and other means of achieving U.S. interests.

Support for Democracy

The cornerstone of our policy in Latin America is support for democracy. Democracy provides a practical path to political stability and improved human rights conditions. Over 90% of the people in the region now live in countries with governments that are either democratic or heading there. It has clearly become the preferred form of government in this hemisphere. Exceptions are few. Chile is one of only seven countries left in the hemisphere without democratic governments or moving in that direction. The others include Cuba, Nicaragua, Haiti, Suriname, Guyana, and Paraguay. Chile, with its rich democratic heritage, does not belong on this list, but it is there.

The primary objective of the Administration is to promote the restoration of democracy in Chile by encouraging, through active diplomatic efforts, pro-transition forces in the government and pro-negotiation forces in the opposition to reach a consensus on a democratic transition timetable. We are

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prepared to support whatever arrangements the government and the various democratic parties agree upon in direct talks. We want to avoid any actions that are inconsistent with our primary objective.

Our ability to support transition process in Chile depends on the maintenance of channels of communication with both the government and democratic opposition. Unless we can communicate we cannot promote the transition, foster a dialogue, or otherwise support pro-democratic forces in Chile.

We believe it is especially important that the United States not be perceived, however erroneously, as intervening in Chilean affairs. Such a perception would color the attitude of the Pinochet government and the various political groups toward the United States, thus prejudicing our ability to advance the restoration of democracy.

Curtailling Financial Assistance

While we retain important moral and symbolic authority as the world's leading democracy, our influence in Chile is limited. Official bilateral development assistance to Chile ended in 1976 at the request of the Chilean Government. Military aid was cut off at the same time by congressional restrictions. For budgetary reasons, a small PL 480 program was terminated in 1983. At present there is only a small amount of surplus dairy donations and emergency earthquake relief going to Chile.

As a general principle, we do not believe that curtailing financial assistance from the international financial institutions is an appropriate or effective means of advancing U.S. political interests. The expectation of economic progress generally contributes to a reduction in tension, thereby helping improve the climate for democratic transition, and, once democratic governments are in power, improves their prospects for survival.

After reviewing all relevant factors, including economic, human rights, and statutory criteria, the United States did abstain February 7 on a \$130 million industrial recovery program loan to Chile in the Inter-American Development Bank. We also abstained on an \$11 million World Bank loan on March 14. The loans were approved, however, by both financial institutions.

Confronted with the difficult task of effectively supporting democracy without interfering in the internal affairs of another country, some have counseled that we walk away from the problem in Chile. That is a prescription

similar to that advanced by those who argue that Chile exists in isolation and that its fate is of no concern to the rest of the world. We reject both prescriptions. Chile is an important part of this hemisphere and is important to U.S. national security and other interests. We neither can, nor will we draw down a curtain on the relations between our two countries. At the same time, we agree that the transition process can only be conducted by Chileans themselves.

Transitional Parallels

There are no exact parallels among the various countries that have made the transition from authoritarianism to democracy. Unlike the situation in Uruguay, where the military and the democratic political parties were able to make the compromises necessary to reach a consensus on the future political system, or the situation in Brazil, no such consensus has yet emerged in Chile and none is in sight at the present time.

When President Pinochet and the military step down, we want to see democracy in Chile. There must be a democratic alternative to the current regime, either now or in 1989, or whenever the Chileans decide to make the transition. Our approach should complement this process. We must not adopt measures, however, that could cause an adverse nationalistic reaction in Chile, diminishing our already limited influence on the transition.

It should be our policy to make sure that in the case of Chile, the transition process is from authoritarianism to democracy and not from authoritarianism to totalitarianism. There are at least three countries, Cuba, Nicaragua, and Iran, where this latter type of transition has been the course.

Communism and Terrorism

A key issue in the transition process is what to do with the Chilean Communist Party, traditionally about 16% of the electorate. The party was illegal from 1948 to 1958 and then legal from 1958 to 1973. Under the current Chilean Constitution, the party and its Marxist-Leninist allies have been made illegal again.

President Pinochet has made acceptance of this anticommunist plank a key aspect of the transition process. He contends that if communism is not banned, a return to democracy would represent a return to the exact same political situation that Salvador Allende exploited to gain power. Moderate democratic forces are divided on the issue. Center-right

groups agree that restrictions should be placed on the party for its actions, but not its views. Center-left groups do not want to place any restrictions on the party, but agree that until the communists stop their current policy of armed violence, they will not permit the communists to participate in the democratic opposition movement.

The next few months are going to be difficult. The Manuel Rodriguez Patriotic Front, an armed guerrilla organization backed by the Chilean Communist Party announced on February 7 its intention to escalate terrorist activity. The Communist Party does not want the state of siege lifted because its continuation serves its purposes. It wants to polarize the situation. We have made this point to the government. However, the government continues to believe that only through tough security measures can the situation be controlled. Its inclination is to maintain the state of siege. This inevitably leads to human rights abuses and failure to distinguish between the democratic opposition forces and the terrorist element.

We agree, however, that a serious terrorist problem has emerged in Chile that threatens the future of democracy. The Manuel Rodriguez Patriotic Front claims to have perpetrated some 735 bombing attacks in 1984. In 1983 there were 139 such attacks. In the past 18 months a number of Chilean extremists have returned to Chile following training in Nicaragua, Libya, and Cuba. These are not exiles who are overtly returning, but trained terrorists covertly returning to Chile. U.S.-associated facilities were the target of 1 terrorist attack in 1982, 5 in 1983, and 14 in 1984—mostly bombs directed against headquarters of U.S. companies, churches, and binational centers run by USIA [United States Information Agency]. The main result of this increased terrorism has been to give the government further rationale to delay the transition process.

The Chilean Government's position is that it must first defeat the communist-backed terrorists, then begin the transition process. We disagree. It has been our experience that successful transitions to democracy are those where the two issues of security and democracy are addressed simultaneously.

Military's Transition Role

According to the 1980 Constitution, the military have a special responsibility for assuring a successful transition. While the key transition steps received a lot of study, the military failed in 1984 actually to take the steps needed to move the

END NOTES

political transition process forward, including legalizing political parties, establishing electoral laws, establishing electoral tribunals, and re-establishing electoral registers.

We are not endorsing the military's transition schedule under the 1980 Constitution or any other transition formula. We support the process, not a particular plan, which is an internal Chilean issue to define. We are simply stating that 53 months have passed since the 1980 Constitution was approved, and time is running out for the military to carry out their own commitments. The 48 months that remain before the scheduled 1989 plebiscite is little time within which to reach an agreement with the democratic forces that must participate in the future political system. Unless steps are taken soon to reach such a consensus, the political transition process will not be orderly and may not be peaceful. There is obviously a point at which flexibility impinges on credibility. If the transition to democracy in Chile is to have any credibility, I would say that the moment has come when concrete steps must be taken by both the government and the democratic forces to reach an agreement on the transition process.

The opposition shares responsibility for the lack of progress on the transition. We have urged them to try to develop a consensus on key transition issues, including the future role of nondemocratic forces in the political system and respect for private property. Disagreement on these issues has impeded the formation of a common agenda among the democratic forces and is a factor affecting the internal deliberations of several of the political parties.

Conclusion

We will continue our efforts to encourage the transition to democracy in Chile. We have had numerous contacts at high levels with the Chilean Government and with the democratic political parties. We have had some limited success in getting specific persons released from custody and in working to ensure that moderate democratic political parties continue functioning. The outlook, however, is uncertain, particularly if, as we expect, there is an increase in communist-backed terrorism this year.

There appears to be a broad consensus within the Congress in support of our objectives. The policy question before you is whether rigid positions on the range of measures proposed in House Concurrent Resolution 52 will advance those objectives. We believe the situation is far too complex and our in-

terests too important for this approach.

We will continue our active public and private diplomacy on behalf of direct negotiations between the government and the opposition. We will continue to enlist the help of those countries, institutions, and individuals who can help support this effort. And we will continue to review developments with the Congress and listen to your views. I hope that the Congress will support these efforts. We would welcome any further thoughts you and your colleagues might have on Chile.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

May 1985

The following are some of the significant official U.S. foreign policy actions and statements during the month that are not reported elsewhere in this periodical.

May 1

President Reagan orders economic sanctions against Nicaragua.

Secretary Shultz and Japanese Foreign Minister Abe formalize a civil aviation agreement by an exchange of notes at their meeting in Bonn. The agreement will allow U.S. and Japan airlines to compete more actively in each other's markets.

May 2

The U.S. pledges \$2.5 million to the United Nations Border Relief Operation for the care and basic needs of the displaced Khmer refugees. The U.S. also urges all donor nations to consider carefully their pledges for Khmer relief.

May 3

Poland expels two U.S. diplomats accused of participating in an illegal May Day demonstration in Krakow. The U.S. retaliates for the "unjustified expulsion" by expelling four Polish diplomats from the U.S. and makes a formal objection to the treatment of the two U.S. diplomats.

May 10

The State Department issues a travel advisory suggesting that U.S. citizens visiting Krakow, Poland, exercise extreme caution in view of recent erratic and arbitrary behavior of Krakow security officials.

May 14

Deputy U.S. Trade Representative Lighthizer announces the U.S. signing of agreements with Korea (May 8) and Japan (May 14) to voluntarily limit annual steel exports to the U.S.

May 15

U.S. pledges \$10 million to the United Nations Environmental Program.

May 16

El Salvadoran President Duarte meets with President Reagan and Secretary Shultz while on a private visit to the U.S.

May 20-21

U.S.-Soviet delegates meet in Moscow for the eighth session of the Joint Commercial Commission to discuss expanding mutually beneficial nonstrategic trade. Secretary Baldrige, head of the U.S. delegation, also meets with General Secretary Gorbachev on May 20.

May 20

The Voice of America begins its Radio Marti broadcast into Cuba for 14½ hours each day. The program will provide the people of Cuba with accurate, balanced, and objective news reports as well as a variety of news-related, feature, and entertainment programs. In retaliation, Cuba suspends the Mariel Agreement and travel to Cuba by Americans of Cuban birth.

May 22

The following newly appointed ambassadors present their credentials to President Reagan: Gabriel de la Guardia (Panama), Nicolae Gavrilescu (Romania), Han Xu (China), and Mohammed Kamal (Jordan).

May 23

Seventy-three South Korean students occupy the USIS library in Seoul to protest current U.S. support for President Chun's administration and the 1980 incident in Kwangju in which several hundred people were killed in an uprising.

May 26

The South Korean students are arrested after leaving the USIS library peacefully ending 4 days of occupation.

May 28

U.S. gives \$525,000 for Bangladesh for relief efforts and pledges long-term food assistance for victims of the May 25 cyclone.

David P. Jacobson, the Administrator of the American University Hospital of Beirut, is kidnapped by gunmen.

Assistant Secretary Crocker meets with Sudanese leader General Siwar el-Dahab in Khartoum to discuss economic and political issues.

May 30

U.S. and Soviet officials meet in Paris to discuss southern African issues. The U.S. is represented by Assistant Secretary Crocker. ■

TREATIES

Current Actions

MULTILATERAL

Antarctica

Recommendations relating to the furtherance of the principles and objectives of the Antarctic Treaty (TIAS 4780). Adopted at Canberra Sept. 27, 1983.¹
Notification of approval: U.S., Apr. 25, 1985.

Arbitration

Inter-American convention on international commercial arbitration. Done at Panama City Jan. 30, 1975. Entered into force June 16, 1976.²
Ratification deposited: Venezuela, May 16, 1985.

Aviation, Civil

Convention for the suppression of unlawful acts against the safety of civil aviation. Done at The Hague Dec. 16, 1970. Entered into force Oct. 14, 1971. TIAS 7192.
Accession deposited: Malaysia, May 4, 1985.

Convention for the suppression of unlawful acts against the safety of civil aviation. Done at Montreal Sept. 23, 1971. Entered into force Jan. 26, 1973. TIAS 7570.
Accession deposited: Malaysia, May 4, 1985.

Coffee

International coffee agreement, 1983, with annexes. Done at London Sept. 16, 1982. Entered into force provisionally Oct. 1, 1983.
Ratification deposited: Italy, Apr. 9, 1985.

Commodities—Common Fund

Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 27, 1980.¹
Ratification deposited: Guatemala, Mar. 22, 1985.

Conservation

Convention on nature protection and wildlife preservation in the Western Hemisphere, and annex. Done at the Pan American Union Oct. 12, 1940. Entered into force Apr. 30, 1942. 56 Stat. 1354; TS 981.
Signature and deposit of ratification: Suriname, Apr. 30, 1985.

Convention on international trade in endangered species of wild fauna and flora, with appendices. Done at Washington Mar. 3, 1973. Entered into force July 1, 1975. TIAS 8249.
Accession deposited: Honduras, Mar. 15, 1985.

Amendment to the convention of Mar. 3, 1973 on international trade in endangered species of wild fauna and flora (TIAS 8249). Done at Bonn June 22, 1979.¹
Acceptance deposited: Nigeria, Mar. 11, 1985.

Amendment to the convention of Mar. 3, 1973 on international trade in endangered species of wild fauna and flora (TIAS 8249). Adopted at Gaborone Apr. 30, 1983.¹
Acceptance deposited: Germany, Fed. Rep. of, Mar. 20, 1985.

Human Rights

American convention on human rights. Done at San Jose Nov. 22, 1969. Entered into force July 18, 1978.²
Ratification deposited: Uruguay, Apr. 19, 1985.³

Jute

International agreement on jute and jute products, 1982, with annexes. Done at Geneva Oct. 1, 1982. Entered into force provisionally Jan. 9, 1984.
Ratifications deposited: Belgium, Luxembourg, Apr. 15, 1985; Italy, Apr. 30, 1985.

Load Lines

Amendments to the international convention on load lines, 1966 (TIAS 6331, 6629, 6720). Adopted at London Oct. 12, 1971.¹

Amendments to the international convention on load lines, 1966 (TIAS 6331, 6629, 6720). Adopted at London Nov. 15, 1979.¹
Acceptances deposited: Italy, Apr. 4, 1985.

Maritime Matters

International convention on standards of training, certification, and watchkeeping for seafarers, 1978. Done at London July 7, 1978. Entered into force Apr. 28, 1984.²
Accessions deposited: Cyprus, Mar. 28, 1985; Korea, Apr. 4, 1985.

International convention on tonnage measurement of ships, 1969, with annexes. Done at London June 23, 1969. Entered into force July 18, 1982; for the U.S. Feb. 10, 1983. TIAS 10490.
Acceptance deposited: Ireland, Apr. 11, 1985.

Meteorology

Convention of the World Meteorological Organization. Done at Washington Oct. 11, 1947. Entered into force Mar. 23, 1950. TIAS 2052.
Accession deposited: Solomon Islands, May 6, 1985.

Nuclear Material—Physical Protection

Convention on the physical protection of nuclear material, with annexes. Done at Vienna Oct. 26, 1979.¹
Ratification deposited: Turkey, Feb. 27, 1985.

Nuclear Weapons—Nonproliferation

Treaty on the nonproliferation of nuclear weapons. Done at Washington, London, and Moscow July 1, 1968. Entered into force Mar. 5, 1970. TIAS 6839.
Accessions deposited: Bhutan, May 23, 1985; Guinea, Apr. 29, 1985.

Pollution

Protocol to the convention on long-range transboundary air pollution of Nov. 13, 1979 (TIAS 10541) concerning monitoring and evaluation of the long-range transmission of air pollutants in Europe (EMEP), with annex. Done at Geneva Sept. 28, 1984.¹
Acceptance deposited: Norway, Mar. 12, 1985.

Prisoner Transfer

Convention on the transfer of sentenced persons. Done at Strasbourg Mar. 21, 1983. Entered into force July 1, 1985.
Signature: Norway, Mar. 8, 1985.
Ratification deposited: Norway, Mar. 11, 1985.
Proclaimed by the President: May 14, 1985.

Satellites—Program Carrying Signals

Convention relating to the distribution of program-carrying signals transmitted by satellite. Done at Brussels May 21, 1974. Entered into force Aug. 25, 1979; for the U.S. Mar. 7, 1985.
Accession deposited: Peru, May 7, 1985.

Seals

1984 protocol amending the interim convention of Feb. 9, 1957, as amended and extended, on conservation of North Pacific fur seals, (TIAS 3948, 5558, 8368, 10020), with statement. Signed at Washington Oct. 12, 1984.¹
Ratification deposited: Canada, May 16, 1985.

Space

Convention on registration of objects launched into outer space. Done at New York Jan. 14, 1975. Entered into force Sept. 15, 1976. TIAS 8480.
Ratification deposited: Mongolia, Apr. 10, 1985.

Sugar

International sugar agreement, 1984, with annexes. Done at Geneva July 5, 1984. Entered into force provisionally Jan. 1, 1985.
Definitive entry into force: Apr. 4, 1985.
Notification of provisional application deposited: Dominican Rep., Apr. 4, 1985.
Accessions deposited: Finland, May 7, 1985; Thailand, Mar. 26, 1985.
Ratifications deposited: Cuba, Apr. 4, 1985; India, Apr. 29, 1985; Zimbabwe, Mar. 28, 1985.

Telecommunications

Radio regulations, with appendices and final protocol. Done at Geneva Dec. 6, 1979. Entered into force Jan. 1, 1982; definitively for the U.S. Oct. 27, 1983.
Approval deposited: Yugoslavia, Jan. 31, 1985.

Terrorism

International convention against the taking of hostages. Adopted at New York Dec. 17, 1979. Entered into force June 3, 1983; for the U.S. Jan. 6, 1985.
Ratification deposited: Yugoslavia, Apr. 19, 1985.

Timber

International tropical timber agreement, 1983, with annexes. Done at Geneva Nov. 18, 1983.

Provisional entry into force: Apr. 1, 1985.

Signatures: Liberia, Mar. 8, 1984; Norway, Sweden, Mar. 23, 1984; Japan, Mar. 28, 1984; Finland, May 10, 1984; Indonesia, June 13, 1984; Gabon, June 25, 1984; Belgium, Denmark, European Economic Community, France, Fed. Rep. of Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, U.K., June 29, 1984; Honduras, Sept. 27, 1984; Bolivia, Nov. 1, 1984; Malaysia, Dec. 14, 1984; Spain, Feb. 27, 1985; Congo, Mar. 7, 1985; Ivory Coast, Mar. 27, 1985; U.S.S.R., Mar. 28, 1985; Ghana, Mar. 29, 1985; Brazil, Ecuador, Egypt, Peru, Philippines, Mar. 31, 1985; Cameroon, Apr. 15, 1985; U.S., Apr. 26, 1985; Trinidad & Tobago, Apr. 29, 1985; Switzerland, Apr. 30, 1985.

Notifications of provisional application

deposited: France, Fed. Rep. of Germany, June 29, 1984; Netherlands, Sept. 20, 1984; Belgium, Luxembourg, Sept. 28, 1984; Greece, Nov. 28, 1984; Gabon, Mar. 19, 1985; Ivory Coast, Mar. 27, 1985; European Economic Community, Honduras, Mar. 29, 1985; Brazil, Ecuador, Egypt, Peru, Philippines, Mar. 31, 1985; Spain, Apr. 24, 1985; U.S., Apr. 26, 1985.

Ratifications deposited: Norway, Aug. 21, 1984; U.K., Sept. 18, 1984; Denmark, Sept. 28, 1984; Ireland, Oct. 4, 1984; Indonesia, Oct. 9, 1984; Sweden, Nov. 9, 1984; Malaysia, Dec. 14, 1984; Finland, Feb. 13, 1985; Congo, Mar. 28, 1985; Ghana, Italy, Liberia, Mar. 29, 1985; Switzerland, May 9, 1985.

Acceptance deposited: Japan, June 28, 1984.

Trade

Convention on contracts for the international sale of goods. Done at Vienna Apr. 11, 1980.¹ Ratification deposited: Yugoslavia, Mar. 27, 1985.

UN Industrial Development Organization

Constitution of the UN Industrial Development Organization, with annexes. Adopted at Vienna Apr. 8, 1979.¹

Ratification deposited: Comoros, May 10, 1985.

Weights and Measures

Convention establishing an International Organization of Legal Metrology. Done at Paris Oct. 12, 1955. Entered into force May 28, 1958; for the U.S. Oct. 22, 1972, as amended Jan. 18, 1968. TIAS 7533.

Accession deposited: China, Mar. 26, 1985.

Women

Convention on the elimination of all forms of discrimination against women. Adopted at New York Dec. 18, 1979. Entered into force Sept. 3, 1981.²

Accession deposited: Saint Christopher-Nevis, Apr. 25, 1985.

BILATERAL**Argentina**

Agreement extending the agreement relating to air transport services of Sept. 22, 1977 (TIAS 8978), with protocol of amendment. Effected by exchange of notes at Buenos Aires Mar. 21 and Apr. 12, 1985. Entered into force Apr. 12, 1985; effective Nov. 1, 1984.

Australia

Memorandum of understanding on logistic support, with annexes. Signed at Washington and Canberra Mar. 30 and Apr. 23, 1985. Entered into force Apr. 23, 1985.

Bahamas

Agreement concerning the provision of training related to defense articles under the U.S. international military education and training (IMET) program. Effected by exchange of notes at Nassau Mar. 11 and May 6, 1985. Entered into force May 6, 1985.

Brazil

Agreement regarding consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Brasilia Apr. 15, 1985. Entered into force May 28, 1985.

Memorandum of understanding concerning the operation of the INTELPOST field trial, with attachment and details of implementation. Signed at Brasilia and Washington Dec. 18, and 28, 1984. Entered into force Jan. 7, 1985.

Canada

Treaty concerning Pacific salmon, with annexes and memorandum of understanding. Signed at Ottawa Jan. 28, 1985. Entered into force Mar. 18, 1985.

Proclaimed by the President: May 14, 1985.

Memorandum of understanding on the participation of Canada in the ocean drilling program, with annex. Signed at Washington Apr. 15, 1985. Entered into force Apr. 15, 1985; effective Jan. 1, 1985. (TIAS 10799). Supersedes agreement of Oct. 18 and 19, 1983.

Denmark

International express mail agreement, with detailed regulations. Signed at Copenhagen and Washington Oct. 19 and Nov. 19, 1984. Entered into force Jan. 2, 1985.

Egypt

Grant agreement for commodity imports. Signed at Cairo Mar. 12, 1985. Entered into force Mar. 12, 1985.

Grant agreement for balance-of-payments financing and budget support to promote the economic and political stability of Egypt. Signed at Cairo Mar. 12, 1985. Entered into force Mar. 12, 1985.

First amendment to the grant agreement of Sept. 26, 1984, for Cairo Sewerage (II). Signed at Cairo Mar. 13, 1985. Entered into force Mar. 14, 1985.

France

Agreement amending and modifying the annex to the air services agreement of Mar. 27, 1946, as amended (TIAS 1679, 2106, 2257, 2258, 4336), and the exchange of notes of May 28 and 29, 1969 (TIAS 6727), with related notes. Effected by exchange of notes at Washington May 6, 1985. Entered into force May 6, 1985.

Germany, Fed. Rep. of

Agreement amending and extending the agreement of May 9, 1974, on cooperation in environmental affairs (TIAS 8069). Effected by exchange of notes at Bonn Mar. 22, 1985. Entered into force Mar. 22, 1985.

Greece

Interim agreement on air services, with memorandum of understanding. Signed at Athens Apr. 9, 1985. Entered into force provisionally Apr. 9, 1985; definitively, on the date the Government of Greece notifies the U.S. Government that it has completed the necessary internal procedures for entry into force.

Honduras

Protocol I to the military assistance agreement of May 20, 1954 (TIAS 2975), concerning the exercise of criminal jurisdiction over U.S. personnel present in Honduras, with annex. Signed at Washington May 20, 1985. Enters into force through an exchange of diplomatic notes confirming that both governments have completed their respective internal procedures.

Agreement in implementation of the 1982 annex (TIAS 10578) to the military assistance agreement of May 20, 1954 (TIAS 2975), for maintenance and repair of Honduran aerial ports. Signed at Washington May 20, 1985. Enters into force through an exchange of diplomatic notes confirming that both governments have completed their respective internal procedures.

Hungary

Agreement extending the air transport agreement of May 30, 1972, as amended and extended (TIAS 7577, 8096, 10704). Effected by exchange of notes at Budapest Dec. 20, 1984 and Apr. 5, 1985. Entered into force Apr. 5, 1985; effective Jan. 1, 1985.

Israel

Agreement on the establishment of a free trade area, with annexes, exchange of letters and related letters. Signed at Washington Apr. 22, 1985. Enters into force on the date each party has provided written notification to the other that necessary domestic legal procedures have been completed.

Agreement in the field of health. Signed at Geneva May 6, 1985. Entered into force May 6, 1985.

PRESS RELEASES

Japan

Interim agreement relating to the civil air transport agreement of Aug. 11, 1952, as amended (TIAS 2854, 7333, 8882), with memorandum of understanding, exchange of letters, and related letter. Effected by exchange of notes at Bonn May 1, 1985. Entered into force May 1, 1985.

Jordan

Memorandum of understanding for scientific cooperation in the earth sciences. Signed at Reston Apr. 25, 1985. Entered into force Apr. 25, 1985.

Korea

Agreement amending agreement of Dec. 1, 1982 (TIAS 10611), relating to trade in cotton, wool, and man-made fiber textiles and textile products. Effected by exchange of letters at Washington Jan. 25, Mar. 8 and 15, May 16, 1985. Entered into force May 16, 1985.

Memorandum of understanding concerning the operation of the INTELPOST field trial, with details of implementation. Signed at Seoul and Washington Feb. 19 and Mar. 4, 1985. Entered into force Mar. 4, 1985.

Liberia

Agreement regarding consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes and implementing agreement regarding payments due under PL 480 agricultural commodity agreements. Signed at Monrovia May 3, 1985. Enters into force upon receipt by Liberia of written notice from the U.S. Government that all necessary domestic legal requirements have been fulfilled.

Malaysia

Agreement amending the air transport agreement of Feb. 2, 1970, as amended (TIAS 6822, 8157), with memorandum of understanding. Effected by exchange of notes at Kuala Lumpur Mar. 27, 1985. Entered into force Mar. 27, 1985.

Mexico

Agreement amending the agreement of June 2, 1977 (TIAS 8952), relating to additional cooperative arrangements to curb the illegal traffic in narcotics. Effected by exchange of letters at Mexico Apr. 3, 1985. Entered into force Apr. 3, 1985.

Morocco

Agreement for sales of agricultural commodities. Signed at Rabat Feb. 19, 1985. Entered into force Feb. 19, 1985.

Agreement relating to the agreement of Feb. 19, 1985, for the sale of agricultural commodities. Signed at Rabat Feb. 19, 1985. Entered into force Feb. 19, 1985.

Netherlands

Memorandum of understanding regarding the exchange of Air Force officers. Signed at The Hague and Washington May 22, 1984 and May 7, 1985. Entered into force May 7, 1985.

Niger

Agreement regarding consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Niamey Apr. 9, 1985. Entered into force: May 28, 1985.

Pakistan

Agreement for the sale of agricultural commodities. Signed at Islamabad Apr. 28, 1985. Entered into force Apr. 28, 1985.

Memorandum of understanding extending the memorandum of understanding of Mar. 2, 1981 (TIAS 10116), as extended, relating to scientific and technical cooperation. Signed at Washington May 15, 1985. Entered into force May 15, 1985.

Peru

Agreement for the sale of agricultural commodities, with memorandum of understanding. Signed at Lima Apr. 17, 1985. Entered into force Apr. 17, 1985.

Poland

Air transport agreement, with schedule, related memorandum of understanding and exchange of notes. Signed at Warsaw Apr. 16, 1985. Entered into force May 9, 1985.

Portugal

International express mail agreement, with detailed regulations. Signed at Washington and Lisbon Nov. 20 and Dec. 21, 1984. Entered into force Jan. 15, 1985.

Somalia

Agreement for sales of agricultural commodities. Signed at Mogadishu Mar. 24, 1985. Entered into force Mar. 24, 1985.

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Washington May 9, 1985. Enters into force upon receipt by Somalia of written notice from the U.S. Government that all necessary domestic legal requirements have been fulfilled.

Sudan

Agreement amending the agreement of Dec. 27, 1984, as amended, for the sales of agricultural commodities. Effected by exchange of notes at Khartoum May 12, 1985. Entered into force May 12, 1985.

Switzerland

Agreement establishing rights, privileges, and immunities of the U.S. delegation to the negotiations on nuclear and space arms. Effected by exchange of notes at Bern Mar. 1 and 5, 1985. Entered into force Mar. 5, 1985.

Thailand

Agreement amending agreement of July 27 and Aug. 8, 1983 (TIAS 10760), relating to trade in cotton, wool, and man-made fiber textiles and textile products. Effected by ex-

change of notes at Bangkok Mar. 1 and Apr. 23, 1985. Entered into force Apr. 23, 1985.

Turkey

International express mail agreement, with detailed regulations. Signed at Ankara and Washington Oct. 16 and Nov. 29, 1984. Entered into force Mar. 21, 1985.

United Arab Emirates

Memorandum of understanding for the exchange of international express mail, with details of implementation. Signed at Dubai and Washington Dec. 31, 1984 and Jan. 16, 1985. Entered into force Mar. 21, 1985.

United Kingdom

Memorandum of understanding on the participation of the U.K. in the ocean drilling program. Signed at Swindon and Washington Mar. 19 and 31, 1985. Entered into force Mar. 31, 1985; effective Jan. 1, 1985. Supersedes memorandum of understanding of August 30, 1983 (TIAS 10781).

Yemen

Agreement for sales of agricultural commodities. Signed at Sanaa Apr. 15, 1985. Entered into force Apr. 15, 1985.

¹Not in force.

²Not in force for the U.S.

³With declaration and reservation. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
*86	5/6	Shultz: news briefing, EOB, Apr. 30.
*87	5/2	Shultz: interview on CBS-TV's morning news, Bonn.
*88	5/2	World conference to review and appraise the achievements of the UN Decade for Women (revision).
*89	5/3	Shultz: interview on NBC-TV's "Today Show," Bonn.
*90	5/3	Shultz: remarks at civil aviation agreement signing with Japanese Foreign Minister Abe, Bonn, May 1.
*91	5/3	Shultz: news briefing, Bonn, May 2.
*92	5/3	Dam: statement at Foreign Service Day ceremony.
*93	5/8	Shultz: news briefing, Bonn, May 3.
*94	5/16	Shultz: news briefing, Bonn, May 4.
*95	5/6	Shultz: interview on CBS-TV's "Face the Nation," Bonn, May 5.

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| *96 | 5/6 | U.S. discusses communications issues with Italy and the Vatican. | *118 | 5/24 | U.S. delegation to the World Administrative Radio Conference on the use of Geostationary Satellite Orbit and the Planning of Space Services Utilizing It (Space WARC). |
| *97 | 5/6 | Cooperation on telecommunications development. | *119 | 5/29 | U.S. consular services abroad. |
| *98 | 5/7 | Regional foreign policy conference, Seattle, May 18. | 120 | 5/30 | Shultz: dinner toast for King Hussein I of Jordan, May 29. |
| *99 | 5/8 | Dam: remarks, George Marshall Foundation luncheon. | *121 | 5/31 | Shultz: remarks before Executive Council on Foreign Diplomats, May 30. |
| *100 | 5/10 | Shultz: news briefing, Lisbon, May 9. | 122 | 5/31 | Shultz: new conference. |
| 101 | 5/14 | Shamir, Shultz: arrival remarks, Tel Aviv, May 10. | *123 | 5/31 | Shultz: remarks at awards ceremony for the Naval Support Unit (Seabees). |
| 102 | 5/10 | Shultz: remarks at Yad Vashem Holocaust Memorial, Jerusalem. | | | |
| *103 | 5/13 | Herzog, Shultz: remarks, Jerusalem, May 10. | | | |
| *104 | 5/14 | Shultz: departure remarks, Tel Aviv, May 12. | | | |
| 105 | 5/14 | Shultz: arrival remarks, Cairo, May 12. | | | |
| *106 | 5/14 | Shultz: news briefing, Madrid, May 7. | | | |
| 107 | 5/14 | Shultz: news conference, Aqaba, May 13. | | | |
| 108 | 5/14 | Shultz: arrival statement, Vienna, May 13. | | | |
| 109 | 5/14 | Shultz: remarks after meeting with Soviet Foreign Minister Gromyko, Vienna. | | | |
| *110 | 5/17 | Shultz: interview on Austrian television, Vienna, May 15. | | | |
| 111 | 5/17 | Shultz: Remarks May 15. | | | |
| *112 | 5/17 | Program for the official working visit of Honduran President Roberto Suazo Cordova, May 20-22. | | | |
| 113 | 5/20 | <i>Foreign Relations of the United States, 1952-1954, Vol. XIV, China and Japan</i> (two parts), released May 22. | | | |
| *114 | 5/21 | Shultz: remarks before the Council of the Americas. | | | |
| 115 | 5/23 | Shultz: address before the American Bar Association, Standing Committee on Law and National Security, International Law and Practice, Committee on Executive-Congressional Relations. | | | |
| 115A | 5/23 | Shultz: question-and-answer session after address before American Bar Association. | | | |
| *116 | 5/24 | Program for the official working visit of Jordanian King Hussein I, May 28-31. | | | |
| 117 | 5/28 | Shultz: address before the National Association of Manufacturers. | | | |
| 117A | 5/28 | Shultz: question-and-answer session after address before National Association of Manufacturers. | | | |

*Not printed in the BULLETIN. ■

Department of State

Free **single** copies of the following Department of State publications are available from the Correspondence Management Division, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

President Reagan

- Democracy, Peace, and Progress, Assembly of the Republic, Lisbon, May 9, 1985 (Current Policy #705).
 Maintaining Peace and Freedom, European Parliament, Strasbourg, May 8, 1985 (Current Policy #704).
 Freedom and Global Economic Growth, Juan March Foundation, Madrid, May 7, 1985 (Current Policy #703).
 The New Europe: Freedom and the Future, Hambach, Federal Republic of Germany, May 5, 1985 (Current Policy #702).

Secretary Shultz

- Restoring Bipartisanship in Foreign Affairs, American Bar Association, May 23, 1985 (Current Policy #709).

Africa

- Chad: U.S. Policy (GIST, May 1985).

Arms Control

- Arms Control: The First Round in Geneva, Ambassador Nitze, National Press Club, May 1, 1985 (Current Policy #698).

Department & Foreign Service

- The U.S. Foreign Service: Problems and Prospects, Under Secretary Spiers, 20th Annual Foreign Service Day, May 3, 1985 (Current Policy #699).

East Asia

- Korea Status Report (GIST, May 1985).
 American Servicemen Missing in Indochina (GIST, May 1985).

Economics

- International Competition, Trade Deficits, and National Policy, Acting Assistant Secretary Constable, Sister Cities International, Los Angeles, May 20, 1985 (Current Policy #708).
 U.S. Agriculture in Foreign Economic Policy (GIST, May 1985).

Europe

- Reflections on U.S.-Soviet Relations, Under Secretary Armacost, U.S. Air Force Academy, Colorado Springs, May 1, 1985 (Current Policy #700).
 Austrian State Treaty of 1955 (GIST, May 1985).

International Law

- Economic and Political Aspects of Extraterritoriality, Deputy Secretary Dam, Committee on International Aspects of Antitrust Law, American Bar Association, Apr. 16, 1985 (Current Policy #697).

General

- U.S. Diplomacy and the Search for Peace, Under Secretary Armacost, Council on Foreign Relations, Baltimore, Apr. 24, 1985 (Current Policy #696).

Middle East

- Negotiations: The Path to Peace in the Middle East, Deputy Secretary Dam, American Law Institute, May 16, 1985 (Current Policy #707).
 The U.S. and the Middle East: A Partnership for the Future, Under Secretary Armacost, National Association of Arab Americans, May 4, 1985 (Current Policy #701).
 Iran-Iraq War (GIST, May 1985).
 Israel: An Overview (GIST, May 1985).

Narcotics

- Controlling International Narcotics Production and Trafficking, Assistant Secretary Thomas, House Foreign Affairs Committee, Mar. 19, 1985 (Current Policy #675).

Refugees

- Refugee Assistance: Overseas and Domestic, Director Purcell, Subcommittee on Immigration, Refugees, and International Law, House Judiciary Committee, Apr. 17, 1985 (Current Policy #693).

Science & Technology

- U.S. Space Programs: Cooperation and Competition from Europe, Deputy Assistant Secretary Marshall, Space Business Roundtable, Houston, Apr. 17, 1985 (Current Policy #695).

Terrorism

- International Terrorism: Current Trends and the U.S. Response, Director Oakley, Senate Committees on Foreign Relations and on the Judiciary, May 15, 1985 (Current Policy #706).

PUBLICATIONS

Western Hemisphere

Soviet Activities in Latin America and the Caribbean, Deputy Assistant Secretary Michel, Subcommittee on Western Hemisphere Affairs, House Foreign Affairs Committee, Feb. 28, 1985 (Current Policy #669).

Free Enterprise: Key to Latin American Economic Revival, Ambassador Middendorf, International Conference on Latin America, San Jose, Feb. 22, 1985 (Current Policy #692). ■

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Current Documents Volume Released

The Department of State on February 22, 1985, released *American Foreign Policy: Current Documents, 1981. Supplement*. This microfiche publication is a supplement to a printed volume entitled *American Foreign Policy: Current Documents, 1981*, which the Department of State published in December 1984. That volume, which was prepared in the Office of the Historian, Bureau of Public Affairs, was the most recent volume in the Department of State *American Foreign Policy* series begun in 1950. Annual printed volumes, as well as microfiche supplements, are planned for 1982 and subsequent years.

The *American Foreign Policy* series presents official public expressions of policy that best set forth the goals and objectives of U.S. foreign policy. The texts of the major official addresses, statements, interviews, press conferences, and communications by the White House, the Department of State, and other officials involved in the foreign policy process are included.

This microfiche publication presents important documents that could not, for reasons of space, be included in the book edition. The editors regarded this supplement as important portions of the historical foreign affairs record and requiring wider and more permanent preservation and distribution. It consists of 1,077 documents totaling about 13,000 pages on 151 microfiche cards and includes the full texts of almost all documents printed in part in the printed volume. A printed guide contains a table

of contents and a list of all the documents in the microfiche supplement.

The microfiche supplement is designed to be used in conjunction with the printed volume. Editorial annotations relate the printed volume to the microfiche. The first 15 chapters of the microfiche supplement correspond to the 15 geographic and topical chapters of the printed volume. There are also additional compilations of documents on multi-issue foreign policy issues. Several chapters of the microfiche provide complete transcripts of press conferences, briefings, and interviews on multi-subject topics by President Reagan, Secretaries of State Muskie and Haig, and Secretary of Defense Weinberger. The final chapters present the complete transcripts of those White House daily press briefings containing documentation on foreign policy subjects and all the Department of State daily press briefings.

American Foreign Policy: Current Documents, 1981. Supplement was prepared in the Office of the Historian, Bureau of Public Affairs, Department of State. Copies may be purchased for \$22.00 (domestic postpaid) from the Superintendent of Documents, U.S. Government Printing Office (Department of State Publication No. 9403; GPO Stock No. 044-000-02041-6). Checks or money orders should be made payable to the Superintendent of Documents.

Press release 28 of Feb. 22, 1985. ■

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Indian Prime Minister Gandhi

(Department of State photo)

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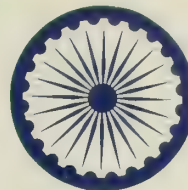
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This photograph of the State of Madras was taken 540 nautical miles above the Earth's surface and used to study irrigation systems of the Cauvery Delta.

(National Aeronautics and Space Administration photo)



FEATURE

India

Visit of Indian Prime Minister Gandhi

Prime Minister Rajiv Gandhi of the Republic of India made an official visit to the United States June 11-15, 1985, to meet with President Reagan and other government officials.

ARRIVAL REMARKS, JUNE 12, 1985¹

President Reagan

Mr. Prime Minister, Nancy and I take great pleasure in welcoming you and Mrs. Gandhi to the White House today.

In 1949 your grandfather, Prime Minister Nehru, visited the United States on what he termed, "a voyage of discovery." He said that, "Though we may know the history and something of the culture of our respective countries, what is required is a true understanding and appreciation of each other." Prime Minister, your visit marks a continuation of that process of mutual discovery.

Today we celebrate the depth and vitality of the ties between our nations. We Americans place great value on India's friendship. Our shared democratic ideals serve as a bridge between us. Our cultural differences enrich our relationship. Our mutual commitment to the freedom and dignity of man set us on a different road, a higher road than governments which deny the human rights so cherished by our peoples.

On this, your own voyage of discovery, you will find a deep well of affection and respect for India and its people. You will sense America's admiration for India's strength in overcoming adversities and a heartfelt sympathy for the tragedy that you've personally suffered. You will also discover that the United States remains steadfastly

dedicated to India's unity and that we firmly oppose those who would undermine it.

You'll find that we respect India's nonalignment and recognize the pivotal role your country plays in South Asia. We're supportive of your efforts and those of others in South Asia to overcome past animosities in seeking stability, security, and cooperation in the region.

Our people have much to gain from one another. Enthusiasm for the growing potential of our commercial and economic relations is evident here. Expanding cultural, scientific, and educational exchanges will also be a great boon to both our peoples.

Our countries have areas of disagreement, yet these are opportunities to prove our mutual good will by discussing our differences forthrightly. We do so with confidence because we're convinced that our fundamental areas of agreement far outweigh the differences of the moment.

This understanding gives us reason for optimism about the future of our relations. Your stay with us will also provide us a better understanding of you. Americans are impressed with what they've seen; your leadership and your idealism are inspiring. We're eager to learn more of your vision for India's future.

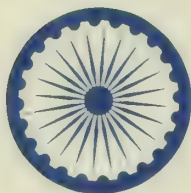
I've been impressed with your efforts to invigorate India's economy. In much of the developing world, people are moving away from redistribution

and state control—methods that have brought only a scarcity and suffering. New and more successful models for development focus on incentives rather than controls; on production rather than redistribution. And here in the United States, we found that reducing tax rates has been the most important factor in the progress we've made. And we have every reason to look to the future with confidence and optimism.

Just as current technology overcame past problems, new technologies will provide solutions to maladies which today seem insurmountable. Free people, free minds, and free markets will develop innovations which will ensure a more prosperous and peaceful tomorrow. The people of the United States look forward to working with India in building a better tomorrow.

Three years ago, when the late Prime Minister Indira Gandhi and I met here, we agreed that a Festival of India would advance America's knowledge of India's heritage and achievements. You will inaugurate that festival, now dedicated to your mother's memory, during your visit here this week. This is an auspicious year for such a festival. As you know, it has been dubbed "The Year of India," in recognition of a resurgent American interest in India's culture and history.

I look forward to our talks, for I'm sure that, as with our predecessors, we, too, will be enriched by the exchange. This is an opportunity to broaden the



(White House photo by Bill Fitz-Patrick)

understanding and deepen the cooperation between our countries and to advance the cause of peace in your region and in the world.

On behalf of all Americans, welcome to the United States.

Prime Minister Gandhi

Mr. President, Sonia and I are honored and delighted to be here. I bring you too, Mrs. Reagan, and to the warm-hearted people of the United States the Indian peoples' greetings and friendship. Millions of Indian eyes are focused on this spot today, leaping over oceans and continents.

Three years ago, welcoming Indira Gandhi, my predecessor, my mother, on this very stretch of green, you remarked so truly that our two people, with all their differences, have much in common. Yes, there are differences, but rising above them are the beliefs we share in common—in the supremacy of freedom, in the necessity of equality, in the sovereignty of the people's will.

As I flew in here I saw, in passing, the memorial to Thomas Jefferson, who proclaimed in simple and stirring words that all men are created equal and independent. Behind me is a house which has been the home of eminent men who

have symbolized your nation's dreams and its drive to greatness. One of them, Abraham Lincoln, said that a nation cannot be half slave and half free and that a house divided against itself cannot stand. The best minds of our age tell us that a world divided against itself cannot endure.

It should be the task of all of us who hold responsibility for other people's lives to recognize what life and its continuance demand in this hate-filled, violence-prone world of ours. The inevitability of coexistence must propel us toward the imperative of cooperation.

The United States and India have been developing a tradition of working together. If my visit strengthens that tradition, it will have given further substance to what is, in any case, one of the most important and one of the most pleasantly rewarding of journeys. I look forward, in particular, to my talks with you. We know of your lifelong feeling for India and look forward to welcoming you there.

From this week, a Festival of India opens here in Washington; several other cities will soon join in it. The festival portrays India's aspirations, achievements, and ancient living heritage. I hope that it will enable the people of the United States to understand what we

are, why we are so, and how the Indian civilization has endured for 5,000 years. The purpose of the festival is to secure greater understanding and, with it, greater friendship from the American people, who have, themselves, built a dynamic civilization.

It was a great act of imagination and constructiveness when you and our late Prime Minister decided we should try to develop a better grasp of each other through the medium of culture. I am sure it will provide a story for developing an understanding and cooperation in other fields.

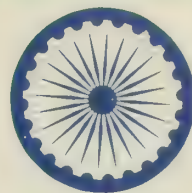
Thank you again for your welcome and for the opportunity for this renewal of our dialogue.

SECRETARY'S LUNCHEON TOAST, JUNE 12, 1985²

Your visit coincides with an exciting renewal of interest in India that has been sweeping this country. India is a longstanding friend, a fellow democracy, and a major player on the world scene. We welcome this visit as an opportunity to confirm our friendship and deepen our cooperation. There is much we can do together that will benefit not only our two peoples but also the cause of international peace, prosperity, and freedom.

On this visit you will hear much mention of the Festival of India which is a vivid symbol of Indo-American friendship. The festival is the living spirit of the pledge your mother and President Reagan made in 1982 to "strengthen cultural, educational, and scientific exchanges and to seek new avenues through which these activities may be placed on an enduring basis."

Our agenda, of course, goes deeper than cultural exchange. It covers the range of global, regional, and bilateral issues reflecting the important roles of world leadership that both our countries play. Our nations have a special responsibility to maintain a close dialogue and to seek a meeting of the minds on the many important matters of concern to our peoples and to the world at large.



FEATURE

India

India—A Profile

People

Nationality: *Noun and adjective*—Indian(s). **Population** (1983 est.): 746 million; urban 25%. **Annual growth rate:** 2.24%. **Density:** 227/sq. km. (588/sq. mi.). **Ethnic groups:** 72% Indo-Aryan, 25% Dravidian, 2% Mongoloid; others. **Religions:** Hindu 83%, Muslim 11%, Christian 2.6%, Sikh, Jain, Buddhist, Parsi. **Languages:** Hindi, English, and 14 other official languages. **Education:** *Years compulsory*—9 (to age 14). **Literacy** (1984 est.)—40%. **Health:** *Infant mortality rate* (1984 est.)—116/1,000. *Life expectancy*—54.9 yrs. **Work force** (300 million, 1981 est.): *Agriculture*—70%, *Industry and commerce*—19%, *Services and government*—8%, *Transport and communications*—3%.

Geography

Area: 3,287,263 sq. km. (1,268,884 sq. mi.); about twice the size of Alaska. **Cities:** *Capital*—New Delhi (pop. 7 million). *Other major cities*—Calcutta (9.7 million), Bombay (8.6 million), Madras (4.6 million), Bangalore (3.2 million), Hyderabad (2.8 million), Ahmedabad (2.3 million). (All figures are 1984 estimates.) **Terrain:** Varies from Himalaya Mountains to flat Gangetic plain. **Climate:** Temperate to subtropical monsoon.

Government

Type: Federal republic. **Independence:** August 15, 1947. **Constitution:** January 26, 1950.

Branches: *Executive*—president (chief of state), prime minister (head of government), Council of Ministers (Cabinet). *Legislative*—bicameral Parliament (*Rajya Sabha* or Council of States and *Lok Sabha* or House of the People). *Judicial*—Supreme Court.

Political parties: Congress (I), Congress (S), Lok Dal, Bharatiya Janata Party, Janata Party, communist parties (CPI and CPM), numerous regional and small national parties. **Suffrage:** Universal over 21.

Political subdivisions: 22 states, 9 union territories.

Central government budget (1985–86 est.): \$41.0 billion.

Defense (1985–86 est.): 3.3% of GNP.

Flag: Saffron, white, and green horizontal bands with a blue spoked wheel in the center. Saffron symbolizes courage and sacrifice; white, peace and truth; green, faith and chivalry; and the spoked wheel, India's ancient culture.

Economy*

GNP: \$182.4 billion. **Real growth rate:** 10%. **Per capita GNP:** \$246. **Real per capita GNP growth rate:** 2.0%. **Annual inflation rate:** 7.2%.

Natural resources: Coal, iron ore, manganese, mica, bauxite, chromite, limestone, barite.

Agriculture (40% of GNP): *Products*—textiles, jute, processed food, steel, machinery, transport equipment, cement, aluminum, fertilizers.

Trade: *Exports*—\$9.5 billion: crude oil, engineering goods, precious stones, cotton apparel and fabrics, handicrafts, tea. *Imports*—\$14.7 billion: crude oil, machinery and transport equipment, edible oils, fertilizer. *Major partners*—US, USSR, Japan, UK, Iraq, Iran.

Official exchange rate (April 1985)

Rupee, divided into 100 paise: 12.32 rupees = US\$1.

Fiscal year: April 1–March 31.

Economic aid received (1951–84):

Total—\$45 billion: multinational lending agencies and OECD, Communist, and OPEC countries. *US aid*—\$12.0 billion: AID \$4.6 billion, PL-480 \$6.6 billion (not including ocean freight and commodities provided through the UN World Food Program), Exim Bank loans \$693 million, wheat loans \$244 million.

Membership in International Organizations

UN, Non-Aligned Movement, Commonwealth, Colombo Plan, Asian Development Bank (ADB), International Atomic Energy Agency (IAEA), International Monetary Fund (IMF), World Bank, INTELSAT.

*All figures are 1984–85 estimates.

Taken from the *Background Notes of May 1985*, published by the Bureau of Public Affairs, Department of State. Editor: Juanita Adams ■



(Photo by Steve Raymer © National Geographic Society)

The Jantar Mantar observatory in New Delhi was built in 1720 and helped astronomers map celestial movements. Within this great bowl, white stripes between the stairs are fixed sight lines.



In South Asia, we recognize India's pivotal role and special responsibilities. Despite differences, we see a significant parallelism of interest between us. America's clear interest is to support the stability, security, and economic progress of all the nations of South Asia and to promote reconciliation among them. We know that this is India's goal as well.

We note with pleasure the commitment of India and Pakistan to the gradual improvement in relations envisioned in the Simla accord of 1972. This commitment and its full realization have the greatest significance for peace, security, and stability which we all desire for South Asia.

For the same reason, the United States also believes the tragic ordeal of Afghanistan must be brought swiftly to a peaceful and just conclusion in accordance with UN General Assembly resolutions. And we will do whatever we can to promote the success of the present negotiating process under the leadership of the United Nations. Withdrawal of Soviet forces is the key to moving this process forward.

We also welcome the chance to talk about global economic matters in which both our countries are deeply interested. We share a desire to combat a growing protectionist trend in the world. We share a stake in the dismantling of restrictions on the free flow of trade. The United States believes that a new GATT [General Agreement on Tariffs and Trade] round will serve both these ends. We are also exchanging views on the important role of the multilateral lending institutions, which the United States helped create and sustain in the years since World War II.

Opportunities for Indo-American trade, investment, and technical cooperation—particularly in high technology areas such as computers, electronics, and telecommunications—are greater today than in the last several decades. Our new memorandum of understanding on technology transfer will give impetus to significant forward movement in this area, reflecting forward movement in our relations.

We have firmly stated from the highest levels our uncompromising op-

position to terrorism in any form. Both of our countries have suffered grievously from this global scourge. The United States will continue to work closely with India in the fight against terrorism, whatever its form. By our statements and by our deeds, we have made clear that we strongly support the unity, independence, and territorial integrity of India against those who would undermine it.

The vigor of India's democracy is an inspiration to millions around the world. It creates a special bond between us. Your visit moves our cooperation on to a higher plateau of dialogue and partnership.

May I propose a toast to the Prime Minister and Mrs. Gandhi and to the future of our relations and to the friendship of our peoples.

DINNER TOASTS, JUNE 12, 1985³

President Reagan

Prime Minister and Mrs. Gandhi and other distinguished guests from India, it's a pleasure to have you here. Yours is among the most ancient of cultures and ours is one of the youngest. Ours is, however, the oldest constitutional democracy and yours is relatively new—38 years of age. Although young, Indian democracy has achieved strength and maturity, and today I have found that's also true of India's Prime Minister, who's just 3 years older than independent India.

And, Mr. Prime Minister, I'm happy to report to all present this evening that although a few years separate us—just a few—[laughter]—we hit it off, and just as with relations between our countries, I predict good things ahead.

You were recently quoted as saying about our two countries that basically we stand for the same things—freedom, democracy, independence. And I'm sure that our meetings today reinforce that observation. To paraphrase Tolstoy, undemocratic societies are all undemocratic in their own way, but democratic societies are all alike. And so

it is with India and the United States; we are ultimately so similar. And yet like family members, we often find it hard to communicate. Today we opened up personal channels of communication that will serve our countries well.

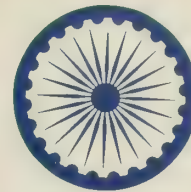
India and the United States have enormous strengths on which we can draw in seeking to improve our relations. Democracies have valuable experience in reconciling differing points of view within their own national societies. This is particularly true in our great nations, both mosaics of diverse cultures, religions, and languages. And the key to our success domestically is dialogue—the quality of careful listening and serious speaking one to another. Dialogue can be the key to better understanding between our nations as well.

Our meetings this week build upon the working relationship established by your late mother. India and the United States have just begun to write the history of our relations. As the magnificent Festival of India will illuminate, you have enriched the world with beauty, culture, science, and philosophy. Perhaps your most precious gift to us has been the many Indians who have become proud citizens of our country. Some are here tonight, and they embody the human bond that is between us.

Being the "Year of India" in America, your visit and the Festival of India couldn't have been better timed. We have today set out an agenda for deepening our cooperation across a broad spectrum of issues ranging from political to economic and scientific.

This afternoon our two nations agreed to extend by an additional 3 years the very successful science and technology initiative launched as a result of my meetings with the late Prime Minister Indira Gandhi in 1982. This is one example—an important example—of the kind of cooperation that bodes well for the future of Indo-U.S. relations.

Let us move forward together. And with the greatest of admiration for you and the great nation you lead, I propose a toast to Indo-American friendship.



FEATURE

India

Prime Minister Gandhi

I feel privileged to be in this historic house once again. My wife and I are grateful for the warm and generous words you have spoken about India and about your meeting with my mother.

I recall the esteem that she had for you. I recall, also, the last time she was here, a wish that you had then expressed about holding a Festival of India has come true. It is good of you to dedicate that festival to Indira Gandhi's memory. We appreciate the special interest Mrs. Reagan has taken in it as patron of the U.S. national committee.

Every encounter between the peoples of the United States and India is an essay in understanding. It provides an opportunity for the reaffirmation of our commitment to personal liberty, to the rule of law, and to free expression. We both are rather outspoken people, not known for keeping quiet about what we feel and what we believe. But being candid with each other is a measure of the stability of our relationship. Both of us are animated by that capricious tolerance which marks the democratic spirit. It is one of the reasons why, in spite of some differences on policies and particulars, a firm people-to-people relationship endures between us.

It is in that spirit that we had our conversation today, at which we discussed our assessments and concerns; you have referred to some. I mentioned to you about our apprehensions at the growing militarism around the region around India, which is increasing our burdens. We have always been against outside presences and pressures, which can lead to instability. To reduce tensions in South Asia, India has taken several initiatives with its neighbors. But the success of our efforts depends very much upon what the big powers do in our region in pursuit of interests. A stable, united, peaceful India, I should think, is in everyone's interest.

That is the India we are engaged in developing. For that purpose, we need peace in our neighborhood; we need peace in the world. We desire a global partnership for socioeconomic development, for the satisfaction of human

needs, for the promotion of mutual understanding, and for the prevention of war.

Development and peace are closely linked. If disarmament is important for developed countries, it is even more relevant for the developing. We are appalled at the destructive fire that men have built over the years. We are concerned about the new dimensions in the arms race. The very survival of mankind today rests in the hands of a very few countries, leaving mankind to wait in fear and hope.

Six nations, including India, recently issued an appeal for disarmament. Any positive steps taken toward disarmament will be acclaimed and supported by India, the nonaligned community, and by peoples all over the world.

We welcome the negotiations between the United States and the Soviet Union at Geneva and hope that their deliberations will lead to positive results. Nonalignment has been a positive force for peace; it stands for friendship and cooperation with all. Any nation's independence must include the option to steer clear of block identification. One

friendship need not be at the cost of another. We want to enlarge cooperation between our two countries in numerous fields.

India today is poised for greater growth. We have taken up plans and policies to generate new employment in our rural areas and to harness the productive energies of our young. We want the nation to benefit from the enterprise latent in our people. Growth has to be carefully calibrated so that in enlarging national production, it redresses regional imbalances and ensures social justice. This is indeed the basis of planning within our democratic system.

In three decades, we have tried to catch up with what others have achieved in a century or more. We have narrowed the industrial and technological gap. Our seventh plan envisages an investment of \$150 billion. We need new technology in a big way. A good part of it we will develop ourselves, but we must necessarily acquire the most advanced knowledge wherever it is generated.

The United States is preeminently the land of high technology. Recently, our two countries have reached an

(Photo by Steve Raymer c National Geographic Society)



At the Festival of Sacrifice in New Delhi, 20,000 Muslims pray together at Jama Masjid, India's largest mosque.



understanding on transfer of high technology; these arrangements must be worked out with great speed.

One of your great predecessors, Franklin Roosevelt, had said, "The only limit to our realization of tomorrow will be our doubts of today." These words bring out the spirit of striving which marks America. Each generation must reestablish freedom and justice; each generation must respond to new situations. There is just enough time to dip in time's refreshing river. Situations change, peoples change, good ideas become dull and unexciting; sometimes they undergo distortion.

The great personalities who created modern India—Mahatma Gandhi, Jawarahal Nehru, Indira Gandhi—have taught us to be humble and firm and to persist. Our ancient book, the Bhagavad-Gita, told us, "You have a right only to do your duty, not to the fruits thereof." In that spirit, we shall strive.

I thank you again for your warm welcome and generous hospitality. We hope that you will give us the pleasure of welcoming you and Mrs. Reagan in India.

I now request you to join me in a toast to the health of President and Mrs. Reagan, to the prosperity of the American people, and to growing cooperation between our two countries in the interest of our peoples and in the cause of a better world.

¹Made at the South Portico of the White House where the Prime Minister was accorded a formal welcome with full military honors (text from Weekly Compilation of Presidential Documents of June 17, 1985).

²Secretary Shultz hosted a luncheon in honor of the Prime Minister at the Department of State (text from press release 132 of June 13).

³Made in the State Dining Room at the White House (text from Weekly Compilation of Presidential Documents of June 17). ■

U.S.-India Space Cooperation

**JOINT PRESS RELEASE,
JUNE 14, 1985¹**

The United States and India have been cooperating in space activities for over 20 years. Both countries recognize the value and importance of international space cooperation and continue to seek joint endeavors in space science, space flight, and the practical application of space systems and technologies.

Indo-American cooperation in space was most recently manifested in the Spacelab 3 mission. The mission included the Indian-designed cosmic ray experiment, Anuradha, which produced valuable scientific information.

As part of another space science joint endeavor, an Indian payload specialist is scheduled to accompany the space shuttle in 1986. The experiments which this specialist will perform were discussed by an Indian scientific team which recently concluded 3 days of meetings at NASA's [National Aeronautics and Space Administration] Johnson Space Center and NASA Headquarters.

One of the most successful early cooperative programs began in 1975 when the United States loaned India the use of the ATS-6 [applications technology satellite] communications satellite for 1 year to conduct the Satellite Instructional Television Experiment (SITE). The experiment, hailed as the largest project of its kind, demonstrated that through the use of space communications it is possible to transmit educational programming to large segments of rural society.

India has built upon the SITE experience in a major way by going on to develop its own capabilities as exemplified by Insat, the Indian satellite system. A new Indian satellite, the third phase of the Insat system, is scheduled to be launched by the space shuttle in 1986. The Insat project has made India a leader in the use of satellites for development purposes. Insat satellites are designed by India and built to Indian specifications by American firms. The first satellites were launched by the U.S.

Delta launch vehicle and space shuttle. The Insat system is a multipurpose national satellite system for domestic telecommunications, meteorology, nationwide direct TV broadcasting to rural communities, and radio and TV program distribution for rebroadcasting/networking. It is the first such system in the world and demonstrates the great value of high technology to the needs of the developing world.

Another important area of cooperation is the reception of data from the U.S. Landsat satellites for which a memorandum of understanding was signed in 1979. This continuing cooperation is providing significant inputs to the resource management applications in India.

India and the United States have been cooperating in joint space ventures since India inaugurated its space program in 1963 with the establishment of the Thumba Equatorial Rocket Launching Station. Currently, discussions on possible Indian utilization of the planned American space station are in preliminary stages between NASA and ISRO [Indian Space Research Organization]. Also under discussion is the possibility for cooperation in the area of earth observations /remote-sensing research. These discussions could lead to a flight in 1987-88 of the shuttle imaging radar over Indian tropical rainforests, along with an Indian-made narrow band camera using charge coupled device technology. India and the United States are also discussing the expansion of environmental satellite data exchanges for improved weather forecasting and other purposes.

Indo-U.S. partnership in the realm of space has been long and successful. Both countries look forward to future, wider cooperation in this exciting and promising area.

¹Press release 135. ■

The New Network of Terrorist States

President Reagan's address before the American Bar Association on July 8, 1985.¹

I'm delighted to be able to speak today, not just to the largest voluntary professional association in the world but one whose exclusive concern is the starting point for any free society, a concern that is at the heart of civilized life: the law—our courts and legal system—justice itself.

I want to be very candid with you this morning and tell you that I'd been planning to come here today to speak on a number of legal issues—the problems of our courts, our Administration's enforcement of antitrust and civil rights laws, as well as our ongoing attack on the drug trade and organized crime in general. But I'm afraid this discussion will now have to wait for another occasion, for it's been overtaken by events of an international nature—events that I feel compelled as President to comment on today. And, yet, I think these matters will be of interest to you, not only because you're Americans but because, as lawyers, you are also concerned with the rule of law and the danger posed to it by criminals of both a domestic and international variety.

The reason we haven't had time to discuss the issues that I'd originally hoped to address this morning has to do with our hostages—and what all of America has been through during recent weeks. Yet my purpose today goes even beyond our concern over the recent outrages in Beirut, El Salvador, or the Air India tragedy, the Narita bombing, or the [Royal] Jordanian Airlines hijacking. We must look beyond these events because I feel it is vital not to allow them, as terrible as they are, to obscure an even larger and darker terrorist menace.

There is a temptation to see the terrorist act as simply the erratic work of a small group of fanatics. We make this mistake at great peril; for the attacks on America, her citizens, her allies, and other democratic nations in recent years do form a pattern of terrorism that has strategic implications and political goals. And only by moving our focus from the tactical to the strategic perspective, only by identifying the pattern of terror and those behind it, can we hope to put into force a strategy to deal with it.

Escalating Pattern of State-Sponsored Terrorism

So, let us go to the facts. Here is what we know. In recent years, there's been a steady and escalating pattern of terrorist acts against the United States and our allies and Third World nations friendly toward our interests. The number of terrorist acts rose from about 500 in 1983 to over 600 in 1984. There were 305 bombings alone last year—that works out to an average of almost one a day.

And some of the most vicious attacks were directed at Americans or U.S. property and installations. And this pattern has continued throughout 1985, and, in most cases, innocent civilians are the victims of the violence.

At the current rate, as many as 1,000 acts of terrorism will occur in 1985. That's what we face unless civilized nations act together to end this assault on humanity.

In recent years, the Mideast has been one principal point of focus for these attacks—attacks directed at the United States, Israel, France, Jordan, and the United Kingdom. Beginning in the summer of 1984 and culminating in January and February of this year, there was also a series of apparently coordinated attacks and assassinations by leftwing terrorist groups in Belgium, West Germany, and France—attacks directed against American and NATO installations or military and industrial officials of those nations.

What do we know about the sources of those attacks and the whole pattern of terrorist assaults in recent years? In 1983 alone, the Central Intelligence Agency either confirmed or found strong evidence of Iranian involvement in 57 terrorist attacks. While most of these attacks occurred in Lebanon, an increase in activity by terrorists sympathetic to Iran was seen throughout Europe: Spain and France have seen such incidents, and in Italy seven pro-Iranian Lebanese students were arrested for plotting an attack on the U.S. Embassy. And this violence continues. Since September 1984, Iranian-backed terrorist groups have been responsible for almost 30 attacks, and, most recently, the Egyptian Government aborted a Libyan-backed plot to bomb our Embassy in Cairo.

It will not surprise any of you to know that, in addition to Iran, we have identified another nation, Libya, as

deeply involved in terrorism. We have evidence which links Libyan agents or surrogates to at least 25 incidents last year. Col. Qadhafi's outrages against civilized conduct are, of course, as infamous as those of the Ayatollah Khomeini. The gunning down last year—from inside the Libyan Embassy—of a British policewoman is only one of many examples.

It was this pattern of state-approved assassination and terrorism by Libya that led the United States a few years ago to expel Libyan diplomats and has forced other nations to take similar steps since then. But let us, in acknowledging his commitment to terrorism, at least give Col. Qadhafi his due. The man is candid: he said recently that Libya was, and I quote, "... capable of exporting terrorism to the heart of America. We are also capable of physical liquidation and destruction and arson inside America."

And, by the way, it's important to note here that the recognition of this deep and ongoing involvement of Iran and Libya in international terrorism is hardly confined to our own government. Most police forces in Europe now take this involvement for granted; and this is not even to mention the warnings issued by world leaders. For example, the Jordanian leadership has publicly noted that Libyan actions caused the destruction of the Jordanian Embassy in Tripoli.

Three other governments, along with Iran and Libya, are actively supporting a campaign of international terrorism against the United States, her allies, and moderate Third World states.

- First, North Korea—the extent and crudity of North Korean violence against the United States and our ally, South Korea, are a matter of record. Our aircraft have been shot down; our servicemen have been murdered in border incidents; and 2 years ago four members of the South Korean Cabinet were blown up in a bombing in Burma by North Korean terrorists—a failed attempt to assassinate President Chun. This incident was just one more of an unending series of attacks directed against the Republic of Korea by North Korea.

What is not readily known or understood is North Korea's wider links to the international terrorist network. There isn't time today to recount all of North Korea's efforts to foster separatism, violence, and subversion in other lands

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well beyond its immediate borders, but, to cite one example, North Korea's efforts to spread separatism and terrorism in the free and prosperous nation of Sri Lanka are a deep and continuing source of tension in South Asia.

And this is not even to mention North Korea's involvement here in our own hemisphere, including a secret arms agreement with the former communist government in Grenada. I will also have something to say about North Korea's involvement in Central America in a moment.

- And then there is Cuba, a nation whose government has, since the 1960s, openly armed, trained, and directed terrorists operating on at least three continents. This has occurred in Latin America. The OAS [Organization of American States] has repeatedly passed sanctions against Castro for sponsoring terrorism in places and countries too numerous to mention.

This has also occurred in Africa. President Carter openly accused the Castro government of supporting and training Katangan terrorists from Angola in their attacks on Zaire. And even in the Middle East, Castro himself has acknowledged that he actively assisted the Sandinistas in the early 1970s when they were training in the Middle East with terrorist factions of the PLO [Palestine Liberation Organization].

- And finally there is the latest partner of Iran, Libya, North Korea, and Cuba in a campaign of international terror—the communist regime in Nicaragua. The Sandinistas not only sponsor terror in El Salvador, Costa Rica, and Honduras—terror that led recently to the murder of four U.S. Marines, two civilians, and seven Latin Americans—they provide one of the world's principal refuges for international terrorists.

Members of the Italian Government have openly charged that Nicaragua is harboring some of Italy's worst terrorists. And we have evidence that in addition to Italy's Red Brigades, other elements of the world's most vicious terrorists groups—West Germany's Baader-Meinhoff gang, the Basque ETA [Fatherland and Freedom], the PLO, the Tupamaros, and the IRA [Irish Republican Army]—have found a haven in Nicaragua and support from that country's communist dictatorship.

In fact, the communist regime in Nicaragua has made itself a focal point for the terrorist network and a case study in the extent of its scope. Consider for just a moment that in addition

to establishing strong international alliances with Cuba and Libya, including the receipt of enormous amounts of arms and ammunition, the Sandinistas are also receiving extensive assistance from North Korea. Nor are they reluctant to acknowledge their debt to the Government of North Korea dictator Kim Il-sung. Both Daniel and Humberto Ortega [Nicaraguan President Daniel Ortega and Defense Minister Humberto Ortega] have recently paid official and state visits to North Korea to seek additional assistance and more formal relations.

So, we see the Nicaraguans tied to Cuba, Libya, and North Korea. And that leaves only Iran. What about ties to Iran? Well, yes, only recently the Prime Minister of Iran visited Nicaragua bearing expressions of solidarity from the Ayatollah for the Sandinista communists.

Objectives of Terrorist States

I spoke a moment ago about the strategic goals that are motivating these terrorist states. In a minute, I will add some comments of my own, but for the moment, why don't we let the leaders of these outlaw governments speak for themselves about their objectives. During his state visit to North Korea, Nicaragua's Sandinista leader, Daniel Ortega, heard Kim Il-sung say this about the mutual objectives of North Korea and Nicaragua:

If the peoples of the revolutionary countries of the world put pressure on and deal blows at United States imperialism in all places where it stretches its talons of aggression, they will make it powerless and impossible to behave as dominator any longer.

And Col. Qadhafi, who has a formal alliance with North Korea, echoed Kim Il-sung's words when he laid out the agenda for the terrorist network:

We must force America to fight on a hundred fronts all over the earth. We must force it to fight in Lebanon, to fight in Chad, to fight in Sudan, and to fight in El Salvador.

So, there we have it: Iran, Libya, North Korea, Cuba, Nicaragua—continents away, tens of thousands of miles apart, but the same goals and objectives. I submit to you that the growth in terrorism in recent years results from the increasing involvement of these states in terrorism in every region of the world. This is terrorism that is part of a pattern, the work of a confederation of terrorist states. Most of the terrorists who are kidnaping and murdering American citizens and attacking American installa-

tions are being trained, financed, and directly or indirectly controlled by a core group of radical and totalitarian governments—a new, international version of "Murder, Incorporated." And all of these states are united by one, simple, criminal phenomenon—their fanatical hatred of the United States, our people, our way of life, our international stature.

And the strategic purpose behind the terrorism sponsored by these outlaw states is clear: to disorient the United States, to disrupt or alter our foreign policy, to sow discord between ourselves and our allies, to frighten friendly Third World nations working with us for peaceful settlements of regional conflicts, and, finally, to remove American influence from those areas of the world where we're working to bring stable and democratic government. In short, to cause us to retreat, retrench, to become "Fortress America." Yes, their real goal is to expel America from the world.

And that is the reason these terrorist nations are arming, training, and supporting attacks against this nation. And that is why we can be clear on one point: these terrorist states are now engaged in acts of war against the Government and people of the United States. And under international law, any state which is the victim of acts of war has the right to defend itself.

The American Passion To Protect Freedom

For the benefit of these outlaw governments who are sponsoring international terrorism against our nation, I'm prepared to offer a brief lesson in American history. A number of times in America's past, foreign tyrants, warlords, and totalitarian dictators have misinterpreted the well-known likeability, patience, and generosity of the American people as signs of weakness or even decadence. Well, it's true. We are an easygoing people, slow to wrath, hesitant to see danger looming over every horizon. But it's also true that when the emotions of the American people are aroused, when their patriotism and their anger are triggered, there are no limits to their national valor or their consuming passion to protect this nation's cherished tradition of freedom. Teddy Roosevelt once put it this way: "The American people are slow to wrath, but when their wrath is once kindled it burns like a consuming flame." And it was another leader, this time a foreign adversary, Admiral Yamamoto, who warned his own nation after its attack

on Pearl Harbor that he feared "... we have only awakened a sleeping giant, and his reaction will be terrible."

Yes, we Americans have our disagreements, sometimes noisy ones, almost always in public—that's the nature of our open society. But no foreign power should mistake disagreement for disunity. Those who are tempted to do so should reflect on our national character and our history, a history littered with the wreckage of regimes who made the mistake of underestimating the vigor and will of the American people.

So, let me today speak for a united people. Let me say simply: we're Americans. We love this country. We love what she stands for. And we will always defend her. [Applause] Thank you very much. Thank you. [Applause] God bless you. [Applause] Thank you and God bless you. We live for freedom—our own, our children's—and we will always stand ready to sacrifice for that freedom.

So the American people are not—I repeat, not—going to tolerate intimidation, terror, and outright acts of war against this nation and its people. And we're especially not going to tolerate these attacks from outlaw states run by the strangest collection of misfits, looney tunes, and squalid criminals since the advent of the Third Reich.

Close Soviet Relationship With Terrorist States

I've taken your time today to outline the nature of this network of terrorist states, so that we might as a nation know who it is we're up against and identify the long-term goals motivating this confederation of criminal governments. Do not for a moment, however, think that this discussion has been all inclusive. First of all—though their strength does not match that of the groups supported by the terrorist network I've already mentioned—there are some terrorist organizations that are indigenous to certain localities or countries which are not necessarily tied to this international network. And, second, the countries I have mentioned today are not necessarily the only ones that support terrorism against the United States and its allies. Those which I've described are simply the ones that can be most directly implicated.

The question of the Soviet Union's close relationship with almost all of the terrorist states that I have mentioned and the implications of these Soviet ties on bilateral relations with the United

States and other democratic nations must be recognized. So, too, Secretary of State Shultz in his speech of June 24 of last year openly raised the question of Soviet support for terrorist organizations, as did Secretary Haig before him.

With regard to the Soviet Union, there is one matter that I cannot let go unaddressed today. During the recent hostage crisis in Beirut, 39 Americans were brutally kidnapped; an American sailor was viciously beaten; another American sailor stomped and shot to death; the families and loved ones of these hostages undergo indescribable suffering and a sense of distress, anger, and outrage spreading through our nation like a prairie fire. The Soviet Union made some official comments through its government-controlled press. The Soviet Government suggested that the United States was not sincerely concerned about this crisis, but that we were, instead, in the grip of—and I use the Soviets' word here—"hysteria." The Soviet Union also charged that the United States was only looking for a—and, again, I use their word—"pretext" for a military—and, again, I use their word—"invasion."

Well now, ladies and gentlemen of the American Bar, there is a non-Soviet word for that kind of talk. It's an extremely useful, time-tested original American word, one with deep roots in our rich agricultural and farming tradition.

The Need for a Better Domestic and International Legal Framework

Much needs to be done by all of us in the community of civilized nations. We must act against the criminal menace of terrorism with the full weight of the law—both domestic and international. We will act to indict, apprehend, and prosecute those who commit the kind of atrocities the world has witnessed in recent weeks.

We can act together as free peoples who wish not to see our citizens kidnapped, or shot, or blown out of the skies—just as we acted together to rid the seas of piracy at the turn of the last century. And, incidentally, those of you who are legal scholars will note the law's description of pirates—*hostes humani generis*, enemies of the human race. There can be no place on earth left where it is safe for these monsters to rest, or train, or practice their cruel and deadly skills. We must act together, or unilaterally if necessary, to ensure that terrorists have no sanctuary anywhere.

Vice President Bush returned from Europe last week after intense consultations with our allies on practical steps to combat terrorism. He'll be heading up a government-wide task force to review and recommend improvements in our efforts to halt terrorism.

For those countries which sponsor such acts or fail to take action against terrorist criminals, the civilized world needs to ensure that their nonfeasance and malfeasance are answered with actions that demonstrate our unified resolve that this kind of activity must cease. For example, I've informed our allies and others that the Beirut International Airport, through which have passed 15% of the world's hijackings since 1970, must be made safe. And, until that time, the airport should be closed.

Finally, I want you to accept a challenge—to become part of the solution to the problem of terrorism. You have a fundamental concern for the law, and it's upon the law that terrorists trample. You need to address this problem in conferences and conventions that will lead us to a better domestic and international legal framework for dealing with terrorism. You must help this government and others to deal legally with lawlessness. Where legislation must be crafted to allow appropriate authorities to act, you should help to craft or change it. In the past, lawyers have helped when civilization was threatened by lawbreakers. And now is the time to do so again.

What I place before you this morning is not pleasant, nor will the solution be easy. The answer to the threat of international terrorism is difficult, but it can be found. It is to be found in a clear understanding of the problem and the expression of our national will to do something about it. It's always been so with any important cause; it's why our Declaration of Independence was more important to our Revolution than any one military maneuver or single battle. And that is why we do not today engage in policy discussions or focus on strategic options but simply state the facts about the nature of international terrorism and affirm America's will to resist it.

But there's another point that needs to be made here—the point I made at the start of this discussion. That in taking a strategic, not just a tactical view of terrorism, we must understand that the greatest hope the terrorists and their supporters harbor—the very reason for their cruelty and viciousness of their tactics—is to disorient the

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American people, to cause disunity, to disrupt or alter our foreign policy, to keep us from the steady pursuit of our strategic interests, to distract us from our very real hope that someday the nightmare of totalitarian rule will end and self-government and personal freedom will become the birthright of every people on earth.

And here, my fellow Americans, is where we find the real motive behind the rabid and increasing anti-Americanism of the international terrorist network. I've been saying for some years now that the cause of totalitarian ideology is on the wane; that all across the world there is an uprising of mind and will, a tidal wave of longing for freedom and self-rule.

No one senses this better than those who now stand atop totalitarian states, especially those nations on the outer periphery of the totalitarian world like Iran, Libya, North Korea, Cuba, and Nicaragua. Their rulers are frightened; they know that freedom is on the march and, when it triumphs, their time in power is over.

You see, it's true that totalitarian governments are very powerful and, over the short term, may be better organized than the democracies. But it's also true—and no one knows this better than totalitarian rulers themselves—that these regimes are weak in a way that no democracy can ever be weak. For the fragility of totalitarian government is the fragility of any regime whose hold on its people is limited to the instruments of police-state repression.

That's why the stakes are so high, and why we must persevere. Freedom itself is the issue—our own and the entire world's. Yes, America is still a symbol to a few—a symbol that is feared and hated. But to more—many millions more—a symbol that is loved, a country that remains a shining city on a hill.

Teddy Roosevelt—and he is a good President to quote in these circumstances—put it so well:

We, here in America, hold in our hands the hope of the world, the fate of the coming years; and shame and disgrace will be ours if in our eyes the light of high resolve is dimmed, if we trail in the dust the golden hopes of man.

And that light of high resolve, those golden hopes are now ours to preserve and protect and, with God's help, to pass on to generations to come.

I can't close without telling you one little incident here. When I say, "We are a symbol of hope," I have, on my desk at home, a letter signed by 10 women in

the Soviet Union. They are all in a prison camp in that Union—a labor camp. The letter is no more than 2.5 inches wide, and just an inch high, and yet, by hand, they wrote a complete letter, signed their 10 names to it, smuggled that and another document just a little bigger—about a 3-inch square of paper—that is the chart of the

hunger strikes they have endured. And they smuggled it out to be sent to me because they wanted to tell me and all of you that—where they are in that prison—the United States still remains their hope that keeps them going, their hope for the world.

¹Text from White House press release. ■

Military Strength and Peace

President Reagan's address at the U.S. Naval Academy commencement exercises in Annapolis, Maryland, on May 22, 1985.¹

It's an honor for any President to commemorate the graduation of new officers from our service academies, but today is a special privilege for me. I was reminded on the way up here that we have a lot in common. You were the first class to enter the Naval Academy during my term in office, and you might say we've finished a 4-year course together. Now we're both about ready for the real stuff. [Laughter] One thing bothers me, though. I still seem to be climbing that greased monument and you only had to do it once, 3 years ago. [Laughter].

Well, looking out over your faces in this inspiring and historic setting gives reason for confidence in our nation's future. These last 4 years have been spent preparing you for—well, to assume responsibility for the protection of our country and all that we stand for. You're part of a noble tradition.

America's independence and freedom, since we were but 13 colonies huddled along the Atlantic coast, have relied on the bravery, the good sense, and leadership of her officer corps. We've leaned heavily on men of the sea, on our Navy and Marine Corps. Your careers will be no less significant to future generations of Americans than those of past naval heroes.

You will hear during your career, as I've heard during times in my life, that maintaining the military at peak readiness—keeping our forces trained and supplied with the best weapons and equipment—is too costly. Well, I say it is too costly for America not to be prepared. As Presidents since Washington have noted, the way to prevent war is to be prepared for it.

And as obvious as that is, it's not always appreciated. There's a story about John Paul Jones' chief gunner's mate. It was during the gore and thunder of that most historic battle. He

was loading and firing cannon, carrying the wounded to the medical officer, and cutting away the tangled rigging. And apparently in the midst of that first fight, John Paul Jones went below momentarily and changed into a new uniform. And as he emerged on deck a voice rang out through the smoke and fire—it was the British captain asking, "Have you struck your colors?" And the gunner's mate, sweat and blood dripping from his body, turned and saw Jones now in his fresh uniform reply: "I have not yet begun to fight." And the gunner's mate said, "There's always somebody who didn't get the word." [Laughter]

Now, my chief of staff, Don Regan, is a Marine, and he keeps telling me that story's incorrect—that it was a Marine in the rigging and not the gunner's mate that said that. [Laughter]

Well, today as throughout our history, it is strength not weakness, resolve not vacillation, that will keep the peace. It's about time that those who place their faith in wishful thinking and good intentions get the word.

During the 1930s I saw America, disillusioned by the First World War, permit our military power to decline. The lack of will on the part of the Western democracies encouraged the totalitarians of that day. Churchill called what followed the most avoidable of all wars, and it turned out to be the most costly of all wars, both in terms of resources and in terms of human suffering.

Americans were spared much of the direct ravages of the Second World War due to geography, the grace of God, and the incredible skill and unmatched courage of our armed forces in the desperate months after Pearl Harbor. Fighting a delaying action, often against overwhelming odds, they bought the time needed to build our forces. Coral Sea, Midway, Guadalcanal are names that have gone down in the annals of truly historic battles. I couldn't help but see those names up there on the stadium.

Many good men gave their lives in the 1940s for America's unwillingness to prepare in the 1930s. Let me promise you, as long as I'm President that will not happen again.

Since the end of the Second World War, American military might has been an immensely positive force in the world. We used our economic resources to help rebuild the devastated homelands of our allies and of our former enemies as well. Those people, wherever they are in this world, who've enjoyed the rights to speak and to pray and to direct the course of their government through democratic elections owe their freedom to one degree or another to the protection of the U.S. military. It doesn't take much imagination to know how different things would be had the Soviet Union, not the United States, militarily and economically dominated the world after 1945.

There are some who analyze world events who operate under the assumption that the United States and the Soviet Union are morally equivalent. This reasoning does a great disservice to our forefathers and all the brave individuals throughout our history who have fought and died to keep this country free. The United States is a democratic nation of free people. We are a far more moral and decent land than any totalitarian state, and we should be proud of it.

During the last decade, perhaps as a result of confusion stemming from the Vietnam war, America again permitted its military strength to decline. For the Navy this meant going from almost, 1,000 ships in the late 1960s to under 500 by 1980. In real terms, our overall military spending dropped by 20% in the 1970s.

And how did the Soviets seize this historic opportunity for better relations? They raced forward with the largest peacetime military expansion in history. They built almost three times as many ships as we did in the 1970s, turning what had once been a navy aimed at coastal defense into an offensively designed, blue-water navy—a formidable threat to peace and stability throughout the world. The Soviet's Pacific fleet alone now has more than 500 vessels, including two aircraft carriers and more than 130 submarines.

There had been theories that Soviet belligerence would wane as their relative strength to the United States increased. Those theories went by the wayside in the late 1970s as Soviet advisers and military equipment, along with thousands of Cuban surrogate troops, poured into Africa: Soviet tanks invaded

Afghanistan. A weaker America did not mean a more peaceful world. That's about as likely as Army stealing the statue of Tecumseh. [Laughter]

Four years ago, when you were entering Annapolis, we were putting in place a program to rebuild America's weakened defenses, and I'm proud to say that much progress has been made. I know you're ready for the Navy, and I can tell you the Navy is now much more ready for you. And thanks to Secretary of the Navy John Lehman's aggressive leadership, we now have 532 battle-force ships in commission. In 1984 alone, the Navy took delivery of 25 ships. We currently have 102 battle-force ships under construction or conversion in 21 shipyards. By the end of the decade, we'll realize our goal of a 600-ship navy, which will include 15 deployable aircraft carriers.

And we've taken the steps necessary to make certain that our ships are in fighting trim and able to accomplish their mission. We've moved forward to ferret out waste and inefficiency. And by the way, that's why you hear those stories about outrageously expensive hammers or bolts and things of that kind. We're finding the waste and cutting it out. Those press stories are actually success stories, because by and large they represent our efforts to make the best use of our defense dollar. To make sure our military is ready, we've purchased spare parts, ammunition, better and more efficient equipment, and top-of-the-line weapons systems. Most important, we've got the best darn bunch of officers and crews this navy or any navy has ever had.

By the end of the 1970s many of our military personnel were demoralized. The purchasing power of their pay had eroded, as had public recognition of their service. Enlisting quality personnel was increasingly difficult, and the reenlistment rates plummeted. We had ships that couldn't leave port for lack of a full crew.

Today that situation has been dramatically reversed. We've not only been meeting our recruitment goals, but we're bringing in individuals fully capable of handling the sophisticated equipment and high-tech weapons systems of the modern Navy. Reenlistment rates are up in all of the services. And testing among our sailors and marines suggests that drug use, once a major problem, has dropped more than anyone would have predicted possible. And I've heard of your excellent record in this area, and I commend you for it.

Although I'm an old horse cavalryman myself, I've always had a soft spot in my heart for the Navy. Back in my former profession, I played a naval officer in "Hellcats of the Navy." And Nancy was a Navy nurse in the same picture. [Laughter] Now, speaking for myself only, if they should send me another script, it probably would be for "Old Man and the Sea." [Laughter]

"Hellcats" was about the submarine force, and I had an experience down in San Diego where we made most of the picture. The submarine training base down there taught me a little about the Navy. It seems that just about the same time we were making the picture, the flyboys over there at the naval air station came over and invited the officers, the submariners, to come over and kind of learn a little about their occupation.

And having gotten them there and then strapped in, they took them up and gave them the works, the whole load. Well, this group of somewhat upset officers [laughter] returned to the naval base. And then they thought they should return the favor, so they invited the flyboys to come over and learn something about the submarine service.

And they took them out in the submarine, and they were below, and they dived. And then all of a sudden, bells began ringing, and sirens sounding, and fellows were running back and forth, and there were red lights flashing. And it seemed that there was a dial there that said that they were not coming out of their dive. They were going on down. And worriedly they pointed out to these flyers what this meant—that if it passed that red point on the dial, that was below the ability of the submarine to withstand the pressure.

And then in the midst of all of that excitement, and as it got closer and closer to that red line, one fellow just climbed the ladder into the conning tower and opened the hatch. [Laughter] They were still tied to the dock. [Laughter]

Well, that was just a movie, but the job you'll do is as vital as at any time in the history of our republic. Our economy is run on fuel and resources from far away countries brought to us by way of the oceans. Even many of our own resources, the oil in Alaska for example, are transported by sea.

And the great democratic nations of the world are tied by shared values and a reliance on the sea lanes. Our treaty commitments mean little without access to the Atlantic, the Pacific, the Caribbean, the Mediterranean, the Indian Ocean, the Persian Gulf—all the great bodies of water.

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The challenge is great. Our Navy is meeting a heavier responsibility than we had in the sixties and meeting it with fewer ships. And that means the officers and crew of every vessel must work harder, carry a heavier load, and endure longer, more strenuous cruises. The *Ticonderoga*, our first Aegis-equipped, guided-missile cruiser, spent over 80% of her time underway during a 6½-month maiden cruise in 1984. That same year the aircraft carrier *Ranger* and her battle group set a record for sustained continuous operations for conventional-powered carrier battle groups—121 days, steaming more than 50,000 miles.

Men and women on these and other ships are under great stress, handling advanced weapons systems and sophisticated equipment. And that's all the more reason to salute them after setting a new record for aircraft safety last year. Many who served could easily have better paying civilian jobs. Sailors on the carriers are away from their families 70% of the time; yet 60% of these fine young people reenlist.

Then there's the *New Jersey*. In mid-1983 she left Long Beach on what was to have been a 2½-month shake-down cruise in the western Pacific. After traveling to Thailand and the Philippines, she was ordered to Central America. After a few weeks there, she went through the Panama Canal and at high speed proceeded to Beirut, where she remained until May of 1984. She spent 322 days under way, with only three port visits on a voyage that covered 76,000 miles. The only relief for her crew was given by the magnificent contribution of 349 volunteers from the ready reserves. With 3-week shifts aboard the battleship, they permitted much of the *New Jersey's* crew to rotate home for leave.

In today's Navy, as with the other services, the reserves are playing an increasingly important role. Who are they? Citizens concerned about the future of this country and determined to do their part. They share their time, energy, and talent to keep America strong, safe, and free.

Sometimes it's hard to find the words to express my heartfelt gratitude for those who serve on active duty and in the reserves. But it isn't difficult to find the words to explain why they do what they do. It only takes one word—patriotism. And as Commander in Chief, I am overwhelmed at times by their dedication and courage.

I see this every day. We've enlisted the talent of some Naval Academy graduates at the White House. Robert

McFarlane, my national security adviser, his deputy, Admiral John Poindexter, graduated in 1959 and 1958 respectively, and I'm proud to note that their sons are following in their footsteps here at the Academy.

One man who sat where you do now and graduated from the Naval Academy in 1968 is another member of our Administration—Assistant Secretary of Defense James Webb, the most decorated member of his class. James' gallantry as a Marine officer in Vietnam won him the Navy Cross and other decorations, including two Purple Hearts. James wrote several books about American servicemen and women. In his book, *A Sense of Honor*, he describes the life that you have chosen. He wrote:

Servicemen are always in motion, in the air at more than the speed of sound, underwater at depths whales could only dream of, on the surface of the water cruising at 30 miles an hour through crashing seas with another ship almost touching theirs . . . replenishing their oil supplies. Or they are on the ground, in the dirt, testing and training weapons that may someday kill others but today may deal them that same irony. The smallest margin of error separates a live man from a dead man. And in war, of course, they are the first and usually the only ones to pay. The President and the Congress may suffer bad news stories. The military man suffers the deaths of his friends, early and often.

I want each of you to know that this President understands and appreciates the job that you will be doing. Your lives are precious. You are putting yourselves in harm's way for America's sake, and I will do everything in my power to make certain the country gives you the tools and equipment you need to do your job and to come home safely.

There's a new appreciation for our men and women in military service. One manifestation of this is the effort now going forth to build a Navy memorial in the nation's capital, a living tribute to you and all those in the U.S. Navy, officers and enlisted, who have gone before you.

Whether we remain at peace, whether we remain free, will depend on you—on your character, your decisions, your leadership. Our ships are in a state of forward deployment, adding both to our deterrence and to our flexibility in dealing with any potential crisis. The theory of deterrence means more than preventing nuclear war. That certainly is an aspect of deterrence, an important one in which the Navy, with her fleet of Poseidon and Trident submarines, is a leading player. Those men who stay submerged for months at a time, forego-

ing home and family, are the ultimate guarantees against nuclear attack.

But the spectrum of conflict ranges from terrorism and guerrilla warfare through conventional and nuclear confrontation. The Navy is an intricate part of a wide ranging strategy of deterrence across this spectrum. We hope to dissuade hostile action at any level by persuading potential aggressors that whatever their target they'll lose more than they will gain. The Navy and Marine Corps' power and forward deployment puts them on the front lines of deterrence. The leadership and judgment of naval officers, serving in the far reaches of the globe, are critical to our success as a nation.

So, let me leave you with these thoughts. Your countrymen have faith in you and expect you to make decisions. The issues will not be black and white, otherwise there would be no decision to make. Do not be afraid to admit and consider your doubts, but don't be paralyzed by them. Be brave. Make your judgment and then move forward with confidence, knowing that although there's never 100% certainty, you have honestly chosen what you believe to be, as you have been told by the Admiral, the right course. Do this, and the American people will always back you up.

You're joining the officer ranks of the U.S. Navy and Marine Corps. You're part of a proud tradition. John Paul Jones, entombed here at Annapolis and enshrined in the hearts of all Americans once said, "I hoisted with my own hands the flag of freedom . . . and I have attended it ever since with veneration on the ocean."

As you go forth in your career, the flag will be in your hands. Carry it and yourselves with pride. Good luck. God bless you, and I wish you fair winds and following seas.

¹Text from Weekly Compilation of Presidential Documents of May 27, 1985 (opening remarks omitted here). ■

News Conference of June 18 (Excerpts)

Excerpts from President Reagan's news conference of June 18, 1985.¹

I have a statement. One hour ago the body of a young American hero Navy diver, Robert Dean Stethem, was returned to his native soil in a coffin after being beaten and shot at point-blank range.

His murder and the fate of the other American hostages still being held in Beirut underscore an inescapable fact: The United States is tonight a nation being attacked by international terrorists who wantonly kill and who seize our innocent citizens as their prisoners.

In response to this situation, I am directing that the following steps be taken. I have directed the Secretary of Transportation, in cooperation with the Secretary of State, to explore immediately an expansion of our armed sky marshal program aboard international flights of U.S. air carriers for better protection of passengers.

I have directed the Secretary of State to issue an immediate travel advisory for U.S. citizens traveling through the Athens International Airport warning them of dangers.

This warning shall remain in effect until the Greek Government has improved the security situation there and until it has demonstrated a willingness to comply with the security provisions of the U.S.-Greek civil aviation agreement and the Tokyo, Montreal, and Hague conventions regarding prosecution and punishment of air pirates.

I've asked for a full explanation of the events surrounding the takeover of the aircraft in Athens. I have appealed through the Department of Transportation and the Federal Aviation Administration for all U.S. air carriers to review the wisdom of continuing any flights into Athens until the security situation there improves.

And further, I have asked Secretaries Shultz and Dole to report to me on whether we should terminate the service of foreign air carriers whose governments do not honor appropriate international conventions or provide adequate security at their airports.

I'm calling upon all allied and friendly governments to redouble their efforts to improve airport security and take other measures to prevent the hijacking of aircraft.

I will also be asking them to take steps to prevent travel to places where lawlessness is rampant and innocent passengers are unprotected. And I'm urging that no American enter any Middle Eastern country that does not publicly condemn and disassociate itself from this atrocity and call for the immediate safe release of our citizens.

Let me further make it plain to the assassins in Beirut and their accomplices, wherever they may be, that America will never make concessions to terrorists—to do so would only invite more terrorism—nor will we ask nor pressure any other government to do so. Once we head down that path, there would be no end to it—no end to the suffering of innocent people, no end to the bloody ransom all civilized nations must pay.

This act of terrorism is a stain on Lebanon and particularly on those Lebanese in whose name it has been done. Those in Lebanon who commit these acts damage their country and their cause, and we hold them accountable.

I call upon those holding our people to release them without condition. I call upon the leaders of Lebanon—political and religious—to meet their responsibilities and to do all that is necessary to end this crime now in the name of the God they worship. And I call on other governments to speak out and use their influence as well.

This attack is an attack on all citizens of the world who seek to live free from the fear and scourge of terrorism. My thoughts and prayers are, as are those of all Americans, with the prisoners now being held in Lebanon and with their families.

Let me conclude by stating the obvious. We're in the midst of a dangerous and volatile situation. Before taking your questions, I must stress that speculation tonight over what steps we might or might not take in hypothetical circumstances can only lead terrorists to work harder. Consequently, there are many questions to which I should not and cannot respond. I think I have in this statement covered virtually all the points that I can safely discuss, and I'm sure that you would understand the reason for that.

Q. The world's attention is focused tonight on the victims of TWA Flight #847. But as you know, there are seven other Americans who were kidnapped earlier and have spent 3 months to a year in captivity in Lebanon. Will you accept a solution to the current crisis in Beirut that leaves any Americans still in captivity, either from the airplane or those kidnapped earlier?

A. We certainly include those in every conversation we have with regard to our people there. And this has gone on—the instance of one of them—for a considerable period of time. And we have used every effort to see if we can locate who has them, where they are, whether they're together or separated, and where they might be, because we cannot give up on them. And I hope that they have confidence in that.

And yet, as you can imagine, it is an extremely difficult, seemingly impossible task in that area, with all the factions there, to know whether they are being moved about and what we can do. But no, we haven't given up on them, and we include them in all of our conversations about the present hijack victims.

Q. Can you tell us what happened to the policy of swift and effective retribution that you announced 4½ years ago to deal with international terrorism such as that that we've seen—

A. When I was speaking about that, I was talking about a situation in which a government on the other side was involved—so there was a direct source there for the evil. I would have to tell you—and I can't go farther than this in telling you—that the problem is the who in perpetrating these deeds—who their accomplices are, where they are located—because retaliation in some peoples' minds might just entail striking a blow in a general direction, and the result would be a terrorist act in itself and the killing and victimizing of innocent people.

As far as I can go is to tell you that we have used our utmost capacity and intelligence gathering to try and find these people and these places that I'm talking about. And I can only say that we have gathered a considerable body of evidence, but I'm not going beyond that.

Q. Do you think that any of the U.S. policies, past and present, have contributed to the rise of radicalism and anti-Americanism in the Middle East?

A. No, I don't believe that we have. Possibly when we had a peacekeeping force there in connection with our allies—the other countries that had

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forces in there—we realize that as they began to succeed in keeping some semblance of order in that turmoil, terrorism rose up to strike at all of us that were there in an effort to make our job impossible. And that's why the international force withdrew.

We seem to be a target, also, I'm quite sure, because of our friendship and support of Israel. It just seems there is an anti-Americanism that is rampant there on the part of those who don't want peace with Israel and who have consistently, over the years, committed terrorist acts against the Israelis.

Q. They wonder why you don't lean on Israel a little bit since the United States says that the holding of the Shi'ite prisoners is against international law—that's our position.

A. Yes.

Q. Israel has said it is willing to, so why don't you promote it?

A. Because the linkage that has been created makes it impossible for them and for us. There was no question but that they were going to in stages; they already had started releasing. But it has now been tied to where such a movement would be, in effect, giving in to the terrorists. And then, as I say, who is safe? That's all terrorists have to know is that they can succeed and get what they want. It's the same as the customs in single kidnappings—crimes in our country here in which we know that, if possible, you try to resolve the situation without paying the ransom.

Q. Many Americans are very frustrated tonight and feel powerless and feel that they want to strike back somehow at these people who have kidnaped our citizens, murdered some of our citizens. What do you say to those who feel that there's somehow a perception that America is weakened by these acts of terrorism and that we can no longer protect our citizens abroad?

A. Those people, I think, that do are jumping to conclusions and don't realize what the situation is. But I'm as frustrated as anyone. I've pounded a few walls myself when I'm alone about this. It is frustrating. But as I say, you have to be able to pinpoint the enemy. You can't just start shooting without having someone in your gun sights.

Q. Have there been things that you've learned about the limits of American power in these sorts of situations, things that you've learned since 4 years, 5 years ago that have perhaps changed your mind about the criticism during the 1980 campaign?

A. No. Again, I have to say that when you think in terms of, for example, immediate force, you have to say, "Wait a minute. The people we're dealing with have no hesitation about murder." As a matter of fact, most of them even approve of suicide. How do you attack without finding that, yes, you may have punished, before you're through, the guilty; but in the meantime, the victims are dead. And that's the great hazard in this. How, for example, in the several times that the plane was in Algeria and subsequently then in Beirut, with a dozen hijackers onboard armed with submachine guns—how could you possibly attempt anything without knowing that those guns would be turned first on the victims within the plane, the so-called hostages.

Q. You spoke of frustration in your inability to deal with this. I spoke today to the wife of one of the hostages who had a very simple and straightforward question which I want to relay to you. She said, "What would you do, sir, if your wife or one of your children were aboard that flight?"

A. I would still have to think of the safety of all of them. Strangely enough, I just heard someone on one of your networks tonight asking the same question of Al Haig [former Secretary of State and Supreme Allied Commander Europe]. It would be a horrible situation, yes, and yet it isn't any more horrible just because it would be me than it is for those people who are presently waiting for some reply. But you can't, as I say, give in to the terrorists without knowing that you're then sentencing someone else to go through the same agony and other people to also be victimized.

Q. But can you say tonight that there is something that the United States can do, some arrangement that we can possibly make?

A. Now you're getting beyond that point. So far these questions you've asked have been questions that I thought it was safe to answer. You're now getting into that area that I said—and I hope you understand—that I can't talk about.

Q. Is the safe return of the hostages your primary goal, and how does that fit in with the other considerations that you as President—some of which you've talked about tonight—are going to have to take into account?

A. That is the goal—the safe return. And yet, as I say, in a manner that does not reward the terrorists for the crime that they have committed, because that gang would be out next week for another try. And this is the thing we must recognize, that it is a cowardly crime in that they hold all the cards once they have these people in their power. And we have to consider their safety. Yes, I could get mad enough now to think of a couple of things we could do to retaliate, but I would probably be sentencing a number of Americans to death if I did it.

Q. That brings up another question, then. In 1980, in your frustration, as every American felt about that hostage crisis, you said in April, "This should never have gone on 6 days, let alone 6 months." Is there, therefore, a point in time at which you'll believe that the national interest requires action?

A. The thing that I always felt about that one, as I say, it was much different than what we have here; you had a government committing that crime. I don't know what measures were looked at as to what you could do with regard to another government. But there it was not this crime of unidentified people—no connection that you can pin on them as to someone in charge, that you can go to that person. That was a different situation than what we're having now with carbombs and hijackings, and this kind of crime. Remember, for example, in the carbombings, the perpetrator of that crime is no longer with us; they are willing to go up themselves.

Q. You've invited Mr. Gorbachev to meet you in Washington. And 6 weeks ago you were asked about the invitation. You said, "The ball is in his court." Have there been any developments since then? Do you think there will be a summit this year?

A. I have to be optimistic and think there will. All I know is that I, feeling that it was our turn, issued the invitation for such a meeting. And there has been, evidently, expressions that—willing to have such a meeting, and discussions are going on with regard to time and place. But I can't give you any report on where those negotiations have taken us.

Q. If I can come back to the situation in Lebanon—you've made a distinction between unidentified terrorists and the state terrorism. Is not Mr. Berri representing the Government of Lebanon? And does that not create a situation where he is, in fact, identifiable?

A. He's in the position of supposedly having taken the hostages away from the hijackers. But to say that because he holds a post, a so-called Cabinet post, in the Government of Lebanon, that this now involves the Government of Lebanon, I think, is to give the Government of Lebanon a cohesiveness it doesn't have. He is acting as an individual, and he's acting less as a Minister in the Cabinet and acting in his own position as the head of the Amal, one of the factions of the Shi'ite Muslims there. He has his own militia, and he has his own army. So, it isn't that simple that you can say this is the Government of Lebanon.

Q. On the roles here in that case, is Mr. Berri part of the problem or part of the solution, and is he the only solution to this problem?

A. You're getting into the area of questions that I can't answer on this. But he could be the solution [President snaps his finger] that quickly.

Q. So far this evening you've given us a rather somber assessment of what's going on in Lebanon. What is your own estimate as to how long this crisis may go on? Do you expect a fairly short resolution, or could this drag on for awhile?

A. You're asking one of those questions I can't answer. I can't discuss that or any of the things that we are doing.

Q. In terms of your own assessment of American power in the world and how it relates to this episode—in 1984 when you were running for reelection, you told American voters that America is standing tall again, comparing it with the supposed weakness under your predecessor. Is America standing tall today?

A. Yes, I think we are. I can't recall in my lifetime any time when it's been used to such an extent as it is now. And the very fact that the terrorists are not all from one source. If they could be linked to a country, if you knew the source and what they were trying to do—but we've got a variety of terrorist organizations. And sometimes, recently, we've found that here and there a couple of them claim that they've cooperated in some terrorist act.

But again, the situation is one that can't be talked about because the first priority is the safety of those victims.

Q. In the speech in which you talked about swift and effective retribution in 1981, you also said, let it be known that there are limits to our patience. Are there limits to your

patience on this issue, or are you willing to wait it out for as long as it takes?

A. I have to wait it out as long as those people are there and threatened and alive, and we have a possibility of bringing them home—I'm going to say a probability of bringing them home.

Q. I wonder if you think that perhaps that's how former President Carter felt about the Iranian hostages and what the difference is here, that he said many times that he wanted to bring them home safe and that was his goal.

A. Yes

Q. How is this different?

A. As I say, I did not openly criticize him, and as a matter of fact, in the closing days of the campaign when it appeared that we were getting them home, I didn't say any word or make any comment on the situation because I didn't want to endanger what was going on.

I just felt, as I say, that there were two governments, and it just seems to me that you have a great many more opportunities then to find vulnerabilities in another government and things that you can say in return, that you can offer as a trade.

Q. Do you think that the Israelis are holding the 700 to 800 Shi'ite prisoners in violation of international law, as the State Department said on April 4th? And if so, have you got any assurances from them that they would release those prisoners if we got the hostages back?

A. We have not dealt with them on that. As I say, we have not interfered in any way with them and what they're doing. With regard to the international law, it's my understanding that taking them across a border from their own country and into another country is a violation of the Geneva accords.

Q. Has the International Red Cross been dealing with them for us on that issue, dealing with the Israelis on that issue?

A. Again, we're getting into areas that I can't talk about. I covered it—all I can mainly talk about. I can't resist, because I know you've probably got to get that red coat back in the morning. [Laughter]

Q. No, no, that belongs to WWDB in Philadelphia. More than 500 American flyers were rescued by General Mihalovich of Yugoslavia in 1944, and they want to erect a memorial on Federal property, which the Senate approved twice and Mr. Derwinsky supported repeatedly,

while President Truman gave the general the Legion of Merit. Why, since it's very important to rescue Americans, are you allowing your State Department to stop this in its tracks?

A. I will have to tell you that this is the first that I've heard about it, and so you've given me a question to ask when I leave here tonight, to find out about that.

Q. I salute you.

Q. Since Nabih Berri has joined the terrorists in their call for Israel to release the Shi'ite prisoners, is he not now part of their effort?

A. Again, this is too delicate for me to comment or give an answer to that question. I'm not going to do it.

Q. He said today that if the United States does not ask Israel to release the Shi'ite prisoners that he would give the hostages back to the terrorists. In that case would you hold him responsible?

A. Yes. I would.

Q. Yesterday South Africans saw the new government in Namibia, which the United Nations condemned. Last week South Africa raided neighboring Botswana, killing 12 people. And last month a South African commando unit tried to blow up oil tanks partly owned by a U.S. company. In view of these events, do you plan any changes, alterations, modifications in your policy of constructive engagement with South Africa?

A. As you know, we brought our Ambassador home for consultations. All I can tell you is that we think we have been successful in getting some concessions there and some changes in their policy of apartheid, which we all find repugnant. And we're going to continue doing that.

The raid across the border was perhaps the kind of incident that I've just been talking about here in our own situation. There is no question about the violence of the African National Congress and their striking and their attacks on people and their murdering and so forth. But again, was the strike back at the people who were guilty, or was it just a retaliation in a general direction? So, we don't know about that, but we are very concerned about it.

Q. If I may, then you do not consider these recent events to be a setback in your policy with South Africa?

A. They're certainly not something that we heartily approve of, but whether

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they're something to make us break off relations with another government, I don't think that, either.

Q. Would you be willing to accept 40 MX Missiles instead of 50 if Congress gave you an extra \$200 million for the Midgetman and accelerated the development of that program?

A. You've asked one here that I think we'd have to look at very seriously to see whether there was an advantage in that or not or whether even their giving that money could accelerate the Midgetman program. I don't know that it could. But I do know that the debates that are going on about the MX, I think, are a lot of wasted rhetoric, and we ought to get on with it.

It is most vital to us that we modernize our land-based missiles, and that is the missile that is on hand and available now. It has a hard target capacity and an accuracy that is virtually unequalled anywhere. We need it.

Q. You've said repeatedly during your Administration, as you've said tonight, that you can't give in to terrorism. But each time that we've had one of these incidents, such as the case of the Marines who died in Beirut, there has been a lot of talk from the Administration but no action. Is there any danger that terrorists in the Middle East might get the feeling that the U.S. bark is worse than its bite and that they can do these things with impunity knowing we won't retaliate?

A. I hope not. But again, let me just point out to you in that incident, a man who committed the crime—or men—I don't know how many were in the truck—they're gone. This is one of the horrifying things of some of these terrorist acts, is you have a group of people who think their ticket to heaven is to do this and to take some others with them. So, when it was over, the truck and the people in it—or person in it—were gone, and the same was true of the Embassy bombing.

Now, how do you establish a connection between them and someone else? Was there someone else that set them on their way—you have no way of knowing. So, again, as I say, you're left with only one form of retaliation and that is if you just aim in the general direction and kill some people, well, then, you're a terrorist, too.

Q. Back to the MX. Do you have a new basing plan, because that was the condition, wasn't it, on the Senate cap—that they could approve 50 if you had a new basing plan, and Mr. Weinberger indicated that you do want more MXs—

A. One thing right now, we do know from the research that we've done and the experimenting that we've done, we can vastly harden a silo to the extent that we think that it would take a very direct hit to do away with those—or to eliminate those missiles

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Q. [Inaudible] from Yugoslav Television. Do you think that this tragic accident might in any way influence the ongoing process of solving the Middle East problem through Palestinian-Jordan-Israeli talks?

A. I don't really see that they have been—they're certainly not a setback to us with regard to the peace talks. And I know that King Hussein, when he was here, made it plain that he is not retreating from the effort that he is making. And I have to commend him for his courage and his willingness to do what he's doing in trying to bring about direct negotiations between the Arab states and Israel and the Palestinians to try to get a peace, a lasting peace, in the Middle East. So, we are doing everything we can, also, to be of help to him.

Q. So far this year, you've seen your defense budget request slashed on the Hill, you've had very difficult battles on the Hill with the MX and with a number of other issues, you've had to endure the Bitburg controversy, and now this hostage crisis. Do you feel that the Teflon that's covered your presidency has slipped off? Is your luck running out?

A. I never thought there was any Teflon on me anyplace. But we seem to have reversed the course with regard to the *contras*. And with regard to Bitburg, in spite of the efforts of some of you, from the very first, I felt it was the morally right thing to do, and I'm pleased that I did it. It was a worthwhile experience over there. And I began to get my reward when I spoke to 10,000 young teenage Germans and at the end of that heard 10,000 young Germans sing our national anthem in our language. I think it was a recognition.

Those who indicated that in some way I might be suggesting that we forget the Holocaust—no, in no way. Nor are the Germans trying to forget the Holocaust. I was amazed—in this 40 years now of friendship that has followed all of that hatred and the evil of the Holocaust and of nazism—to learn that the Germans, not only have they preserved the horrible camps and maintained museums with the photos all blown up of the worst and most despicable things that happened there, but they bring their school-children every year and show them and say that this must never happen again.

I have never suggested in going there that this was a forgive-and-forget thing. It's up to someone else to forgive—not us—if there is any forgiveness, and certainly we must never forget. And so, if there is any Teflon, I didn't think that I lost any on doing that. But now, as I say, we've reversed the thing on the *contra* aid.

We only have a conference to go, and either way it turns out, I think, is going to be a plus and be more than we originally asked for. The MX battle is on, and of course, now, in the budgeting battle, I do believe that one version of a budget that has been proposed is no way to eliminate the deficit. I think that the Senate plan, with its \$56 billion savings in the first year, is the answer to eliminating the deficit and eventually going to work on the national debt. So, I don't think I've suffered too much.

¹Text from Weekly Compilation of Presidential Documents of June 24, 1985. ■

Countering Espionage Activities in the U.S.

President Reagan's radio address to the nation on June 29, 1985.¹

We continue to work for the release of the American hostages held in Lebanon. This terrorism reminds us of the threat posed to open societies and of the great challenges we face in a world where many disdain our values and seek to harm us and our way of life.

One of those challenges is our need to counter the rash of spy activities that threaten our security and interests at home and abroad and to improve our own intelligence-gathering capabilities. The number and sophistication of Soviet bloc and other hostile intelligence service activities have been increasing in recent years.

The Soviet Union is a closed society whose rulers fear the intoxication of freedom, indeed fear it so much they forbid their people to compete freely with us in the great race to create and invent our future for the 21st century.

As the West pulled ahead, the Soviets embarked on a major effort to catch up by stealing or buying what they need from classified information on American satellites, reports on future weapon systems, including our combat aircraft bombers, to our most advanced technologies from high tech areas like "Silicon Valley" in California.

Besides espionage against our most sensitive secrets, theft of the high technology upon which our defense depends, the Soviets have intensified what they call "active measures"—propaganda and disinformation meant to mislead Western governments and their citizens, subversion, forgeries, and covert action. For example, while American officials and other proponents of freedom are systematically excluded

from Soviet radio or TV, hardly a week goes by without a so-called Soviet journalist or scholar on our own airwaves. These men and women should at least be identified for what they are—propagandists whose appearances and statements are totally controlled by the Communist Party.

The Soviets, communist bloc nations, and surrogates elsewhere rely on a huge apparatus, including the KGB, to spy on us and influence our public opinion. To equate the KGB with the CIA is an injustice to the CIA and a grave mistake. Far more than an intelligence service, the KGB is a political police operation. As its motto says, "The sword and shield of the Communist Party of the U.S.S.R."

The KGB mission to shield the rigid Soviet dictatorship from any internal challenge, to weaken and discredit the United States and the various alliances we've built up, particularly the NATO alliance, and to advance the Soviet quest for power to destroy freedom makes it unique in the world.

What can be done? We can counter this hostile threat and still remain true to our values. We don't need to fight repression by becoming repressive ourselves, by adopting such restrictions as internal passports for our citizens. But we need to put our cleverness and determination to work, and we need to deal severely with those who betray our country. We should begin by recognizing that spying is a fact of life and that all of us need to be better informed about the unchanging realities of the Soviet system. We're in a long twilight struggle with an implacable foe of freedom.

Next, we need to reduce the size of the hostile intelligence threat we're up against in this country. Some 30-40% of

the more than 2,500 Soviet bloc officials in this country are known or suspected intelligence officers, and all can be called upon by the KGB.

We need to bring the number of their intelligence officers to a more manageable number. We need a balance between the size of the Soviet diplomatic presence in the United States and the U.S. presence in the Soviet Union. The Soviets currently have a huge advantage. We intend to take steps to accomplish this, and we need to better control foreign intelligence agents working at the United Nations who have utilized that organization as a spy nest.

Another priority is to improve our own counterintelligence. During the 1970s, we began cutting back our manpower and resources and imposed unnecessary restrictions on our security and counterintelligence officials. With help from Congress, we've begun to rebuild, but we must persevere. We must work for better coordination between counterintelligence agencies, better analysis of hostile threats, and learn from the mistakes of past restrictions which unduly hampered us.

There is no quick fix to this problem. Without hysteria or finger pointing, let us move calmly and deliberately together to protect freedom. We've developed a list of things to be accomplished in the counterintelligence and security areas. I'm tasking Cabinet officers to implement the improvements and reforms in every one of these areas on a priority basis.

¹Text from White House press release. ■

The United Nations After 40 Years: Idealism and Realism

Secretary Shultz's address before the United Nations Association of San Francisco, the San Francisco Chamber of Commerce, and the World Affairs Council of Northern California in San Francisco on June 26, 1985.¹

I come before you at a time of grave significance not only for the United States but for the entire civilized international community. Tonight I have this and only this to say about the terrorism in Beirut. We are working intensively on this matter, and we insist on the return of our hostages, all 46 of them, immediately, unharmed and unconditionally.

And now please join me in silence in memory and respect for all those Americans and many more citizens of other countries who have been killed by terrorists in recent days.

I turn now to the original purpose of our gathering tonight in San Francisco.

This occasion is meant as a celebration, but it should also be a time for reflection. We celebrate the UN Charter, completed here 40 years ago. And we reflect on the record of four decades—on the world's successes and failures in abiding by the Charter's principles. As citizens of this planet we have some reason for satisfaction; clearly, we also have much reason for disappointment.

The United Nations is a troubled organization; we should not kid ourselves. But, as is often said, it mirrors the world we live in. Just as American foreign policy strives, globally, to advance our objectives in a turbulent world, so our policy toward the United Nations must be to hold it to the high standards enunciated here in San Francisco. Our job is not to despair or take refuge in cynicism but to labor constructively to make the United Nations better serve its original goals. In a world of sovereign nations, of competing interests and clashing philosophies, those mechanisms of international cooperation that exist are inevitably imperfect—but all the more necessary.

Tonight I want to talk about the United Nations—its goals and its difficulties, its weaknesses and its strengths—and about American policy in the organization. I want to leave you with one clear message: the United States is going to stick with it. We will

fight for peace and freedom and for our interests—in the United Nations as we do everywhere else. And we will do our part to make the United Nations work as a force for security, for human rights, and for human betterment. President Harry Truman said it 40 years ago: "We have solemnly dedicated ourselves and all our will to the success of the United Nations Organization." Today, with our hopes tempered by realism, I can tell you on behalf of all Americans: our will has not flagged, and our dedication has not wavered.

Goals and Setbacks

At the time of the San Francisco conference, the world has barely begun to recover from one of the most horrendous struggles in history. In Europe, the Nazi surrender left the peoples of that continent facing the enormous task of reconstruction. And in Asia, the war with Japan continued to rage.

Those who had helped preserve free society against the threat of Nazism—men like Roosevelt, Churchill, and Truman—sought to build a new and better world on the ashes of the old. They recognized and honored the heroic contribution of Soviet forces in defeating Hitler and hoped that the postwar world would bring cooperation for peace. But they remembered as well that similar hopes for peace, after the end of the First World War, had been shattered by Hitler's aggression and by the disunity and weakness of the democracies. They remembered the failure of the League of Nations to bring harmony to a war-torn world not 30 years before. And Americans, in particular, recalled sadly that their country's retreat into isolation after that first great war was in no small measure to blame for the eruption of the second. The phrase on the lips of all Americans, and all peoples everywhere, was: "It must not happen again."

So the goals and purposes of the United Nations were lofty goals and noble purposes. The United Nations organization was to be a place where disputes among nations could be settled through reasoned debate and discussion and negotiation, without resort to force. But armed aggression by nations in defiance of the Charter would be met and defeated by the concerted efforts of the world community, which would con-

tribute resources to the cause of collective security.

The Charter also embodied great hopes for bettering the human condition. The rights of all men and women to determine their own destinies free from tyranny and oppression, to vote, to think, to worship as they choose, to form labor unions and independent political organizations—in short, to live their lives by the principles espoused in the American Constitution, Bill of Rights, and Declaration of Independence—all these were to be protected and promoted by the United Nations.

Today, few of the goals proclaimed here 40 years ago have been realized. The birth of the United Nations certainly did not transform the world into a paradise. Divisions among nations and peoples persisted, and these differences did not always prove soluble by reasoned discussion and negotiation. The United Nations did not put an end to war or tyranny or the widespread denial of human rights. Its institutional safeguards did not protect against the historical tendencies of nations toward selfishness and sometimes violence. The goal spelled out in the Charter's preamble—"to save succeeding generations from the scourge of war"—has not been fulfilled.

Perhaps the founders 40 years ago were somewhat naive. I am not so sure. But as we reflect on the failures of the past 40 years, we must not fall prey to that error ourselves. Disillusionment itself may be naive. Idealism must always be combined with realism—to-day, as then.

The hardest thing for human beings to do is to set lofty goals and work hard for them while recognizing that they may never be fully realized. Yet, this is what the United Nations is really all about. In fact, most men and women of good sense *knew* 40 years ago that the United Nations was not a panacea for the world's ills. They knew that pursuing the ideals of the United Nations would be an endless task. But they were convinced that it was important to set down these ideals in concrete form, to give all nations goals to aspire toward and work for. They knew that the Charter provided a standard against which to measure the conduct of nations. If nations failed to live up to those ideals, perhaps that was to be expected in this

imperfect world. But so long as the world continued to measure the behavior of nations against these high standards, progress toward a better world could be made.

This is the test by which we should realistically judge the United Nations today. And in retrospect, we can see many successes. The UN's peacekeeping and peacemaking efforts have been valuable at many critical times—in Korea, in the Congo, in Cyprus, and on the Golan Heights. Several of its specialized agencies have well served the purposes for which they were intended. The World Health Organization, for instance, has been largely responsible for the eradication of smallpox throughout the world; the International Maritime Organization has consistently maintained technical standards for maritime safety and pollution control; the International Civil Aviation Organization has worked for 38 years for the safe and orderly growth of civilian air travel.

Other UN bodies, like UNICEF [UN Children's Fund], have also performed valuable humanitarian service. The office of the UN High Commissioner for Refugees, which receives more American aid than any other voluntary UN organization, provides relief to millions of refugees throughout the world. And there are others. These organizations have remained true to the principles of the Charter. They represent the United Nations at its best.

These successes have unfortunately been matched by many failures. Some agencies, like UNESCO [UN Educational, Scientific and Cultural Organization], have strayed so far from their professed purposes that the United States has been compelled to withhold support. When, in October 1982, Israel's credentials for participation in the International Atomic Energy Agency were denied, the United States suspended its own participation in protest, under the principle of universality, until Israel's right to participate was reaffirmed. Indeed, the United States has promised to walk out and withdraw its support from any body that votes to exclude Israel, including the General Assembly itself. The campaign to delegitimize Israel has been a persistent black mark on the United Nations. The appalling resolution 10 years ago equating Zionism with racism was a singularly vicious part of this campaign. It stands as the darkest and most damaging evidence of the failure of the United Nations to live up to its purpose and our hopes.

What Has Gone Wrong?

How can we account for these failures?

In the early years, there was broad agreement among the majority of member states on the basic principles of the Charter, particularly on the principle of collective security against aggression. The Atlantic alliance system and the Western Hemisphere collective security system were the reflection of Article 51 of the UN Charter, which proclaimed the right of individual and collective self-defense. When communist North Korea invaded South Korea, it was the Security Council that officially ordered the forces of the United States and other nations into the region to check the aggression. American troops and those of other nations fought in Korea under the flag of the United Nations; indeed, President Truman considered the invasion of South Korea not only a threat to American interests but also a deadly challenge to the United Nations itself and to the principles of the Charter.

Never before—or since—has the United Nations acted so boldly in defense of its proclaimed goals. The days of UN intervention into such trouble spots as Korea have passed. Today, UN peacekeeping missions can succeed, but only when the world's great powers and the states immediately involved agree. All these conditions were met in the Golan Heights, for instance, where the UN's contribution to peace has been substantial. When these conditions have not been met, as in the Sinai, nations have had to resort to their own agreed methods for keeping the peace. We would all prefer that the United Nations could always play the role of peacekeeper. But we have had to accept the limitations of the real world: the international consensus which the founders hoped for has broken down.

Many factors contributed to the breakdown of the international consensus. I would like to discuss three of the most significant.

The first development has been the gradual transformation of the membership of the United Nations. Decolonization, which the United States rightly welcomed and encouraged, has brought many new nations into the United Nations, and the majority of these new members are not democratic. We hope this trend has been reversed and that the tide of freedom will continue to bring more and more nations into the family of democracies. As I said here in San Francisco 4 months ago, America has a moral duty to further the cause of freedom and democracy. We will lend our support to those struggling for

freedom around the world, and that is why we will continue to defend and uphold democratic values in the United Nations.

Yet, we must recognize the fact that the swelling ranks of nondemocratic nations in the United Nations have diluted the original consensus that gave meaning to the Charter. Nations that are not democratic often will not support measures in the United Nations that would call them to account for violations of freedom and human rights, even though these are precisely what the United Nations was meant to do. As then UN Ambassador Daniel Patrick Moynihan said in 1975:

... the crisis of the United Nations is not to be found in the views of the majority of its members. Rather, it resides in the essential incompatibility of the system of government which the Charter assumes will rule the majority of its members and the system of government to which the majority actually adheres.

A second problem has been the Soviet Union. We know that the Soviet leaders never shared the original ideals that gave impetus to the United Nations. But there were hopes that the Soviet Union might evolve and play a responsible part in the postwar international system. Certainly their sacrifices in the great allied struggle to defeat Nazism led people to that hope. In any case, in those early days, the Soviet Union was consistently outnumbered and outpoliticked by the Western democracies. Since that time, regrettably, Soviet policies have continued to threaten the international order. And the Soviet Union has added steadily to the number of votes that it can count on to support its actions both inside and outside the United Nations. While other countries, including the United States, have been unfairly singled out for condemnation by various UN bodies, the Soviet Union has never been named, not even for its invasion of Afghanistan.

A third problem has been the division of the United Nations into blocs, indeed, into an overlapping series of blocs: the so-called Nonaligned Movement, the Organization of African Unity, and the Islamic Conference, to name a few—adding up to what Ambassador Moynihan has called the UN "party system."

Idealists may have hoped that the member states of the United Nations would always cast their votes purely on the basis of reasoned, disinterested judgments of the merits of each individual case. Some hopefully compared the UN General Assembly to a global

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"town meeting," where the general public interest would always be in the forefront of all the voters' minds.

Yet, as some wise observers have pointed out, town meetings and democratic legislatures don't quite work that way either. Organized parties and voting blocs inevitably emerge. Members seek influence by marshaling support for their positions. And they do not always seek that support merely through the reasoned articulation of elevated principles.

The reality of the General Assembly, in any case, is, as President Reagan has said, that: "the body established to serve the goals of the UN Charter is increasingly becoming, instead, a body whose members are dedicated to the goals of the majority." The contest for political influence within the United Nations, swayed by ideological fashions and manipulated by pressure tactics, has superseded the broader sense of community and the search for ways to fulfill the goals of the Charter.

We may lament the practice of bloc voting that has emerged in the United Nations, but our disappointment is no answer to the problem. Politicking is a fact of life in the United Nations. Those who do not support the principles of the Charter have learned to use the "party system" to their own advantage. We have no choice but to respond in kind. We must use the system to defend the Charter and our own values.

The Role of the United States

This brings me to the final reason that the United Nations has not made progress toward its proclaimed goals over recent decades. And it is a problem that the United States can do, should do, and is doing something to correct.

For years, the United States failed to take the United Nations seriously. Disillusionment with the way the organization seemed to be evolving led us, in a sense, to withdraw. When the United Nations failed to meet our sometimes excessive expectations—when the successes we enjoyed in the first years after the birth of the United Nations began to fade—we began to lose interest in the institution.

We were right to fear that the United Nations was heading in the wrong direction. But we were wrong to believe that there was little or nothing we could do to turn it around. Perhaps the lofty goals originally proclaimed for the United Nations made us overlook the more limited, practical aims that the United Nations could achieve, *if* we continued to play a forceful role.

As a result of our withdrawal, we failed to take part in the "party system" that was developing inside the United Nations. While others worked hard to organize and influence voting blocs to further *their* interests and promote *their* ideologies, the United States did not make similar exertions on behalf of *our* values and *our* ideals. Indeed, we began to lose sight of the UN's importance as a place to promote the principles of freedom and democracy. We often acted as if another nation's behavior toward our values and interests inside the United Nations was not relevant to its relationship with us outside the organization.

Our withdrawal from the United Nations, in spirit if not in fact, itself was a disservice to the original goals of the Charter—goals which we, after all, had played a major role in articulating here 40 years ago. By turning away from the United Nations because of its obvious failures, we neglected our duty to do the hard work needed to achieve what could be attained. In the process, we were not only failing to promote progress in the United Nations, we were taking a shortsighted view of our own national interests.

For the truth is, despite its failings, the United Nations has a unique influence on global perceptions. The United Nations defines, for much of the world, what issues are and are not important and of global concern. Cuba worked hard in past years, for example, to have Puerto Rico on the agenda of the General Assembly as a problem of "decolonization" to embarrass the United States and to create a problem where none exists. Other states, in order to avoid such embarrassment, try to keep off the agenda such subjects as the repression in Poland, the Libyan invasion of Chad, the downing of the Korean airliner, and the Rangoon bombing. The constant assault against Israel in the United Nations is part of an effort to delegitimize the Jewish state and to evade the necessity of peace.

As Ambassador Jeane Kirkpatrick has said:

The decisions of the United Nations are widely interpreted as reflecting "world opinion" and are endowed with substantial moral and intellectual force. The cumulative impact of decisions of UN bodies influence opinions all over the world about what is legitimate, what is acceptable, who is lawless and who is repressive, what countries are and are not capable of protecting themselves and their friends in the world body.

When other nations wield influence in the United Nations, when they can pass resolutions with the sole intent of

harming other nations, when they can shield themselves or their friends from criticism—even for flagrant violations of the Charter—they accomplish two things:

First, they build a reputation as useful and influential friends, outside as well as inside the United Nations.

Second, they make a mockery of the Charter itself. For what can the Charter mean if violations of it cannot even be denounced within the United Nations?

On the other hand, when the United States cannot protect itself or its friends from unfair attacks in the United Nations, we appear impotent, hardly a useful ally. To quote Jeane Kirkpatrick again: "UN votes affect both the image and the reality of power in the UN system and beyond it."

What all this tells us is that the United States *must* play a forceful role in the United Nations to protect our interests, to promote our democratic values and our ideals, and to defend the original principles of the Charter. We cannot let our adversaries use against us, as a weapon of political warfare, our own devotion to international law and international cooperation. We should use these instruments ourselves as they were intended—as a force against aggression and against evil, and for peace and human betterment.

Today, we are doing just that. The United States and its representatives make clear to other nations that we take their votes and the decisions of UN bodies seriously and that our bilateral relations with other nations will be affected by their behavior in international forums. We now participate actively, confidently, and vigorously in the political process as it has evolved inside the United Nations.

But above all, we continue to proclaim proudly our values and ideals and those of the Charter. We are working hard to lead the United Nations back to its original goals, to make it a major positive force in world affairs. As our new Ambassador Vernon Walters said here 2 days ago, we will not:

... abandon the effort to achieve the original vision. Our goal remains the strengthening of a world order based on reciprocal rights and obligations—both among states and within states. We remain committed to the capacity for freedom.

The true lesson of experience, therefore, is a lesson of continued hope. The United Nations has done important work; there is much it can do to help the world maintain peace and improve the human condition. Progress toward the

goals of the Charter has been possible where idealism and realism have been harnessed together.

The failure of the United Nations to meet all its lofty aims is no cause for despair. We should continue to set high

goals that inspire us to work harder and to persevere.

¹Press release 143 of June 28, 1985. ■

NATO, Security, and Prosperity

Secretary Shultz's remarks and a question-and-answer session before the American Stock Exchange Conference on June 10, 1985.¹

Last week I was in Lisbon for the annual spring meeting of the North Atlantic alliance foreign ministers. We get together twice a year and review what's going on and take stock, look at the problems, get work going on, review what has taken place, and make a statement.

These meetings are basically very heartening because they give you a sense, as the U.S. representative there, of the cohesion and importance of our alliance. There are plenty of things that we argue about, but underlying it there is the recognition that here we have a group of countries that essentially share the same values, have more or less the same kind of government, and have the same stake in the defense of freedom.

We also renew that sense that those who benefit from freedom and those who care about freedom have to be willing to stand up and defend it, because if we won't, who will? And we also, of course, recognize that much of the world is not friendly to freedom and, in fact, sees it as a threat.

So it is, I think, always a kind of time of a little renewal to go to these meetings and, despite the yackety-yack and the disagreements we sometimes have, to get that sense of cohesion.

In some ways, one of the difficult things that the alliance had to do—a test it had to pass, so to speak—represented the implementation of a genuinely bipartisan effort. In 1979 at the time of the Carter Administration, the alliance decided that we would deploy the missiles in various countries in Europe, and that was accompanied by the notion that simultaneously there would be an effort to negotiate with the Soviet Union to get them to stop deploying the very large numbers of intermediate-range missiles that they were engaged in putting there and pointing at European countries and subsequently at Asia.

And we implemented this so-called "dual-track decision," and, as you all know, it was not possible to work out a sensible agreement with the Soviet Union at the time the deployment started. With a considerable amount of trauma, but nevertheless with real determination, the deployments went ahead. And in some ways it did wonders for the alliance because it gave people a sense of determination and of cohesion and of an ability to carry through on a decision that was difficult. And, interestingly, from the standpoint of the United States, again thinking about all of the arguments we have in this country about national security policy, here was a decision made under a Democratic Administration, carried out under a Republican Administration, and I think one could say it was in the most operational sense bipartisan. People sometimes forget how much of that really goes on.

At the Lisbon meeting, we had two things that were, I think, of special interest. On the one hand, the President deliberately postponed his decision on the SALT [strategic arms limitation talks] II no-undercut policy until this weekend to allow time for consultation to take place in this meeting as to the views of our allies. And so we had a rather intense time last Thursday in Lisbon at which I essentially described the nature of the decision, what the issues were, and then listened to people express their views about it. And at the end of the day I bundled it all up and sent a cable to the President, summarizing the views of our allies. It was a genuine consultation, and I believe that as the decision is made public and people see it, they will get a sense that they did participate and have some impact on what the President decides.

But that's a trademark of the alliance and something that has to be there if it will really work; namely, that we do consult genuinely with our allies about matters of significance to them as well as to us. This was an important example of that.

The other is just to read you a statement from the communique, reflecting the views of all our allies—there were no footnotes to this statement—of all our allies, toward the negotiations that we are undertaking in Geneva. Again, I think it is an outstanding statement of support, and I'll just read it. It speaks for itself:

"We welcome the U.S.-Soviet negotiations in Geneva on their strategic nuclear weapons, on their intermediate-range nuclear weapons, and on defense and space systems. These negotiations are intended to work out between the two countries effective agreements aimed at preventing an arms race in space and terminating it on earth, at limiting and reducing nuclear arms, and strengthening strategic stability." Those words were taken right out of the agreement that Mr. Gromyko and I negotiated in early January.

Then it says: "We strongly support U.S. efforts in all three areas of negotiation, and we call on the Soviet Union to adopt a positive approach." Now, that's a very full statement of support. We welcomed it, and I think it shows that when push comes to shove around the world, we have a lot of friends and allies who make common cause with us basically because they see their interests and our interests as very firmly allied.

So that's a comment on the security side, and I think basically a comment of reassurance. I'm reassured, and so I'm trying to pass a little of it on to you. We do have friends and allies.

Second, a little snippet of my life is a report to you on an aspect of the summit meeting in Bonn—the meeting of the heads of state of the seven largest industrial democracies. And the thing that was unique about this meeting—just how this idea came into being, I'm not too sure. I have the impression that [Under Secretary for Economic Affairs] Allen Wallis made the original suggestion, but, at any rate, President Reagan bought it, and it got into the stream of discussion. And as a result, instead of having a summit document and a lot of the discussion, essentially everybody preaching to everybody else about what they ought to do, the heads adopted the idea, first of all, that a healthy world economy reflects, initially, healthy national economies. The most important contribution a country can make to the international economy is to run a good show itself; and then second, there are the ways in which national economies are hooked together, and that's important too.

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So a large part of the discussion—and in the communique there is reflected not everybody preaching to everybody else, but each country's head of state saying something about his or her own country and what that head of state thinks needs to be emphasized as we look ahead.

I'll just pick out a few phrases here and there from what these heads of state said because I think they may strike home with a group of enterprising people like yourselves, many of whom I know have whole or major fractions of ownership in your own businesses, and businesses here that range in size from relatively new ones to ones that have been around awhile, but not predominantly the General Motors of this world.

Of course, the President emphasized the need to cut public expenditures here and thereby cut the deficit and to reform the tax system and deregulation, and he emphasized new savings and investment. No surprise to anybody here.

France. The emphasis there was on bringing down inflation, modernizing the means of production, control public spending, and in that context a high priority to research and investment in high technologies.

The United Kingdom. Reduce inflation, keep public spending under strict control, maintain monetary discipline, promote the development of small- and medium-size businesses, and advance technological industries, encourage initiative, enterprise for new job opportunities.

Germany. High priority to more flexibility in their economy, and small- and medium-size businesses should be especially encouraged as well as high technologies. Reduce the claims in the public sector on the economy so that the budget deficit and the burden of taxation can be reduced.

Japan. Essentially preserve budget discipline, strengthen market functions, foster investment, deregulate financial markets, promote the international role of the yen, and, says Prime Minister Nakasone, facilitating access to markets and encouraging growth in imports. [Laughter] And we all said, "You better believe it!" [Laughter]

Italy. Again, inflation, public deficits, investment is emphasized, and then incentive to create small- and medium-size industries, especially in the field of high technology.

Canada. Once again, focusing on investment, creating new jobs in the private sector, removing obstacles to sustain noninflationary growth, reducing the budget deficit by restraining government expenditures, encourage entrepreneurial activities, especially small- and medium-size businesses.

So you can see the kind of thing that was on the minds of these heads of state. Nobody talked about raising taxes to reduce budget deficits. Budget deficits were on everybody's mind. Incidentally, the U.S. Governmental deficit is exceeded by five of the seven countries represented there. We think of our deficit as large, but other people have the same problem. It comes from essentially the same cause.

But "control government spending" was very high on everyone's agenda as was the problem of inflation. But I think the things that are perhaps of special interest to a group like this is the emphasis on savings and investment, and on the importance of small- and medium-size businesses and entrepreneurship and new technology.

And people hook these things together, and they did so, I think, to a considerable extent out of observation. And what were they observing? They were observing the huge growth over the last 15 to 20 years in employment in the United States as compared with absolute stagnation in Europe. They are very impressed with the fact that over the last 3 years or so employment in this country has risen by about 8 million, and I think if you took, let's say, the Fortune 500, or some cut of that—in other words, the very large businesses—you'd see among those countries employment did not rise at all.

All of this gigantic rise in employment is accounted for by new businesses which, as you all know, get started at a huge rate in this country, and they fail at a huge rate, but nevertheless many survive and prosper. So there is an entrepreneurial spirit here. There is that capacity of people to say, "I'm going to go bet on myself by running my own business my own way, because I think I can make it." And that's been observed around the world and people see how much vitality it gives to an economy, and they also see, of course, where the new jobs come from, and that impresses countries that are struggling with unemployment rates in the 10, 12, 13% area.

So I thought that was a rather interesting part of the Bonn economic summit not noticed very much because there's no sort of news type connection

with it, but nevertheless important. And I feel quite confident, having not been involved much with the summits, but watched them very carefully over the years and had something to do with starting the first one, that this kind of thinking would not have emerged, say, 4 years or so ago. It represents a way of thinking about economic matters that is taking hold around the world and which—and I won't go through all of the communique with you, but it was also interesting to see how these same ideas were applied by the heads of state as they thought about the problems of the less developed countries and what is necessary for those countries to actually develop themselves.

Q. I'll add to your statement on the quest for foreign countries to get going in our high technology area. I was invited by the Berlin Senate last year—they are very much concerned in Germany as to how to approach the problem of getting back into the high tech business.

At the same time, I think this is probably true of other people that have to do business in foreign countries—I get posed some questions as to what I think is the main thrust of our foreign policy and what are the three or four most important points therein. And the second question comes about is the identification and training of the people that we put into Foreign Service and how it compares to the approach taken by other countries, and I wondered if you could comment on those two?

A. On the first part of your question, let me say the emphasis on high tech that was apparent in what I read and which you mentioned as coming through to you in Germany is, I think, a legitimate observation, and everyone's fascinated with "Silicon Valley" and Route 128, and so forth.

On the other hand, if you look at our new businesses and what they do and which ones have grown, and so forth, high tech has something to do with it but not everything to do with it. It's more a question of readiness to go out and exploit a market, and I think people can overdo the high tech aspects of all of this. But, nevertheless, it certainly is important.

As far as our career service is concerned, I think we can fairly say that it's the best in the world. We have a remarkable ability to attract people to the Foreign Service. You, in introducing me, talked about some of the universities I've been associated with. You forgot Princeton where I was an

undergraduate, MIT [Massachusetts Institute of Technology], the University of Chicago, Stanford. Well, all of those places have a tremendous capacity to select. They get many more applicants than they have places by ratios of 10 and 15 to 1.

The Foreign Service has a much larger ratio than that of people who apply to the number of places that we have to take in. So if we don't have very good classes, as they call them, come in, it's our own fault. It's because we're not exercising a selection right, and, on the whole, I think the selection is quite good.

Then, of course, we have to develop these people and hold them and give them challenging assignments. And, on the whole, I think the State Department has done a pretty good job of that, although I'd have to say, having watched particularly how a real good international business goes about it, that we don't pay anywhere near as much attention as we should to the management of our personnel. I've been trying to do something about that so that we're able to develop this high talent that we get and keep it here and let it flourish and widen its horizons, and so on. I don't mean to imply by that, though, that a very good job hasn't been done, just that I think it can be done better. So I think on the whole we have a Foreign Service that we can be very proud of.

As to what are the big objectives of the United States—the two or three big objectives—I think they're quite obvious. We stand for freedom, we stand for widely shared economic prosperity, and we stand for peace. Now, those may sound like bromides to you, but they're really not. That is, freedom is not the typical condition in which the human race lives around the world, and so the fight for it, both in public diplomacy as an example, and in maintaining our capacity for deterrence and working with our allies, and so on, there's a lot of operational understructure to that. And the same with respect to our efforts in international economy, and the same with respect to our efforts for peace.

Q. In the first part of your comments you referred to the arms treaty discussions, the arms limitation discussion going on in Geneva, and the message that comes across to us as citizens is the confusion sometimes in the balances between the aggressiveness, the posturing, the acquisitiveness of the Russians, and in the other part we hear about their compensatory concerns—their fear of

us, their legitimate concerns about our efforts, and the rest of the free world's efforts.

Could you comment upon those two factors, their aggressiveness, and the other part, their fears?

A. I think you fairly accurately describe the situation in a broad way, and at the same time looking at the Geneva negotiations as such, we have completed what's called the first round. Then there was a period in which the negotiators came back to their respective capitals, and now for about a week the second round has been going on.

The first round was surrounded by some of what we regard as propagandistic efforts, which the Soviets put out some proposals publicly that were long rejected proposals. One that was put out was a public proposal of something that had been offered some years ago and explicitly taken off the table in Geneva, so you don't take that kind of thing as a serious negotiating proposal.

The discussions in Geneva themselves were essentially, I think, feeling each other out and trying to get positioned, and I believe it can fairly be said that the United States went there with some very interesting proposals and with our negotiators equipped with a considerable amount of flexibility to actually negotiate. But we found little readiness to do that on the Soviet side in the first round.

Now, the old hands at this, like Paul Nitze [special adviser to the President and Secretary of State on arms control matters], who have been involved in every arms control negotiation we've had with the Soviets, were not surprised at all. They basically said, "Well, this is the way these things tend to go, and this is what you need to expect, and we may very well have more of the same, and just when people actually get down to work in a really serious negotiating way is a little hard to tell."

I suppose it comes when the Soviets decide that they cannot get concessions out of us by efforts to reach into our political process or into the process of our work with our allies, and so have an impact that we give concessions without them having to give any in return. And once they decide that they're not going to get anywhere that way, then what's left? Well, what's left is the bargaining table. So we're very much in that process right now.

Q. Many of us do business in one form or another in the Far East. We have all watched the volatility of the Middle East and the Caribbean and have been reasonably immune to it as we deal in the Far East.

I noticed that last week [Philippine] President Marcos indicated that under certain circumstances he might request help from this country—military help. Is that an indication that things have deteriorated there faster than some of us might realize? And then as a very separate issue in terms of the Far East, the talk of surcharge on products coming from Japan. Is there progress on that issue, and to what extent do we see that extending also to Korea as well?

A. I'll answer the second part first, and I don't know quite what you mean by "progress." If you mean by "progress," you mean progress toward putting on a surcharge, that wouldn't be what I would think of as progress. I think that would be retrogression, and we have to hold ourselves very firm against any gross protectionist effort of that kind, in my opinion.

And the Administration fights it. There is great sentiment for protection around the country and in the Congress, but at least in my opinion and I'm sure the President's opinion, it's wrong. It's bad for America, let alone for others, and the simplest way to convince yourself of that is to take a look at what happened in the 1930s when protection ran rampant around the world and sort of shut down world trade, and look what we got for that. We protected our markets and we kept ourselves in depression.

Contrast that with the post World War II period which has seen a gradual opening of markets all around the world, and look at the prosperity we've gotten out of access to world markets and their having access to our markets. And just to be especially provocative, we worry a lot about imports from Japan. Do you think that the quality and size ranges of our automobiles would be as good today if they hadn't had any competition to face from Japan?

Does anybody seriously think that? So we get something out of this, and I just urge you, no matter how much it may hurt sometimes, not to fall into the protectionist trap. It's bad. It's bad for America. And sometimes you hear people talk as though we're going to do other countries a favor by not protecting our market. Well, that's a ridiculous way to look at it. It's our consumers that we cut off. It's our companies that we allow not to have to compete when we don't let competitive goods from abroad in our country.

So the President makes this point regularly, and his spokesmen do. As you can probably tell, this is a matter of deep conviction on my part, and it isn't

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just that I have—I'm sort of ideologically oriented to a free-market school of thinking, but it's also a matter of observation about what works out for our country.

As far as stability in the Far East is concerned, it has been and is a part of the world that has seen a lot of stability in recent years, and I think we can see how much good stable political conditions do for economic prosperity, because you have to have a reasonably stable political environment if people are going to invest and save and do all of the things that make an economy go.

It is true, however, that in the Far East there are points of very considerable tension. It's a heavily armed part of the world. North and South Korea face each other, and anybody here who's been to the DMZ [demilitarized zone] knows—you can just feel it, the tension, when you go there.

There is a fierce fight going on as Vietnam has invaded and occupies for the most part Cambodia, and there's great tension along the Cambodian-Thai border and of the resistance forces that are consistently endorsed by U.N. resolutions even, and that's a point of great tension.

Our friends in the ASEAN [Association of South East Asian Nations] countries are working hard to try to get Vietnam out of Cambodia, and we support what they're doing. You mentioned the Philippines. In the Philippines there is a growing communist-backed insurgency, and it represents a problem. I think there is a point of some reassurance in the fact that the people of the Philippines, including President Marcos, are appreciating the fact that there's a problem to a greater extent.

He did make a comment in public about possibly requesting forces from outside to come and help, but there has been no such private request and nobody is—has such a thing in mind. We do have a large security assistance program with the Philippines, and I think we have a great stake in seeing a healthy Philippines, and, among other things, a professional armed force. One of the problems in the Philippines, I think, is that right now the armed forces have been too politicized in the sense that the strictly professional military considerations don't guide things as fully as they ought to.

So I think our help should be along those lines. As you, I'm sure, know we have two very important, large bases there at Clark Field and Subic Bay, and they're not only important to us but to stability in that region.

Q. There have been some stories in the past week about the differences between you and [Defense] Secretary Weinberger over extending the SALT II Treaty. Apparently, some compromise position has been worked out that will be announced today.

I am wondering, are you satisfied with it in terms of the message it sends about arms control?

A. The President will make his decision known very shortly, and I don't know whether it will be characterized as a compromise or what it will be characterized as. It will be the President's decision, and he doesn't go about decisions—as I'm sure you don't in your organizations—by trying to split differences between people. He tries to figure out what he thinks the right answer is, and I'm sure that he will do so in this case, and that Secretary Weinberger and I will both agree that it is the wisest conceivable decision that could be made. [Laughter and applause]

Q. Those of us becoming increasingly involved in the SDI, the Strategic Defense Initiative, with respect to our short meeting and long-range planning, is it or is it not a chip on the table at the Geneva talks, and could you conceive of it being terminated within the foreseeable future?

A. It's a very important research program, and, certainly, given the amount of Soviet commentary on it, it's probably one of the reasons they feel they would like to engage us in strategic negotiations at Geneva.

Our object, however, is not to terminate it but to make it work, to find out, first of all, through research whether or not a system of defense against ballistic missiles can be constructed. Of course, there is first the test of, can you figure out how to produce something that will literally work in the sense of implementing the various stage approach that's being put forward, and then one has to have a system that is survivable. That is, if the other side can knock it out before anything happens readily, then it's not going to do you a lot of good. And, third, it has to be, we believe, cost-effective in the sense that it costs you less to add an increment of defense than it costs to add an increment of offense.

If you can meet that test, then you tend to abort the argument that the way a defense will be countered is by just increasing offensive capability, because that would be a losing economic gain under the cost-effective conditions.

So some severe tests have been set up for this system. If we can find a system that will pass those tests, then the President has advanced, I think, with great power and appeal the notion that deterrence that moves away from total reliance on the ability to destroy each other into a system that has a greater component of defensive capability in it will be a more stable system of deterrence. Even if you don't have a total capacity to take out the incoming weapons, it would be a system that would be completely discouraging to a first strike, and, therefore, add to strategic stability.

So there are very powerful arguments in favor of such a system if one can be devised, and whether from research a system can be devised that meets the test that I have mentioned remains to be seen. If we knew the answer, we wouldn't be doing the research.

Now, of course, if you learn how to defend against ballistic missiles, then you have to also address yourself more fully, obviously, to cruise missiles and to bombers—other means of delivering nuclear weapons. Basically, at least as I would interpret it, we looked at what was possible 15 or 20 years ago. We didn't quite see how you were going to have an effective defense against ballistic missiles, and so we didn't really give a lot of attention to defense and emphasized offense.

But if you can break through on ballistic missiles, probably the engineering and scientific problems connected with the other areas are easier to solve, and so you can think in terms of a more proportionately defense-oriented strategy, and at least that is the question that is posed by this research. And, as I say, whether the research will pay off or not remains to be seen.

¹Press release 129 (opening and closing remarks omitted here). ■

Jordan and the Middle East Peace Process

*Secretary Shultz's statement before the Senate Foreign Relations Committee on June 19, 1985.*¹

I welcome this opportunity to discuss with you our proposed economic assistance to Jordan. This is the first chance I have had to meet with you since the visit of King Hussein to Washington.

Jordan's economic needs have been present and pressing for some time. But there is now a sense of urgency, due to two factors:

First, the recent deepening of Jordan's economic problems; and

Second, the new environment of hope in the peace process that calls for recognition of Jordan's key role.

The hijacking crisis of recent days reminds us of the extremism in the Middle East that threatens all people of good will, and not only Americans. The peace process has enemies; it must also have steadfast friends. The Middle East, we all know, is a region of turbulence. Conflicts continue throughout the area; terrorism is a continuing menace. That is why we should take advantage of opportunities for peace and support the people in the area who are for peace.

My presentation is in two parts:

First, the specifics of our aid request and the economic needs that our program is designed to address; and

Second, the King's visit and the important movement we see toward peace between Israel and its Arab neighbors.

Jordan's Economic Needs

We are asking today for economic support. Jordan is an important friend in a vital region. The people of Jordan need our help, and it is in our interest to provide that help.

Today, Jordan faces a deepening and broadening recession. Serious financial constraints are retarding its economic development.

- Real growth of GDP [gross domestic product] has slowed from a 12% annual average between 1975 and 1981 to between 2% and 3% in 1984. But annual population growth of 3.5% means that per capita GDP growth in 1984 was zero or negative.

- The labor force is now growing at 6% a year. Considering present trends, jobs can be found for only half of the new job seekers, which could lead to structural unemployment of 30% by 1990.

- Despite improved balance-of-payments fundamentals, the overall picture has deteriorated. Foreign exchange reserves dropped dramatically in early 1985. In each of the last 4 years, the Government of Jordan has had to borrow abroad simply to maintain import levels. Last year Jordan borrowed \$200 million abroad for short-term balance-of-payments support.

The Jordanian economy is highly dependent on external sources of revenue, which in turn are affected by circumstances beyond Jordan's control.

- These include reduced demand for Jordan's products—phosphates, potash, and agricultural goods—in Jordan's principal markets due to the gulf war and the fall in oil earnings throughout the region.

- Workers' remittances from abroad have stagnated—and from 1979 to 1983 these accounted for between 16% and 19% of GNP [gross national product].

- Arab grant aid to Jordan has fallen from \$1.2 billion in 1982 to \$550 million last year, due to the sharp declines in oil income.

The Government of Jordan, in response, has pursued a responsible and conservative budgetary policy. It has taken prudent measures of belt tightening and market-oriented reform. Government expenditures rose by only 1% in real terms in 1984 and have been budgeted at only a 0.8% increase in nominal terms in 1985.

Supplemental assistance could help Jordan avoid economic stagnation. It could also strengthen the government's foundation as it faces the risks and hard choices that confront it in its search for peace with Israel.

We have, therefore, proposed for Jordan a \$250 million grant ESF [economic support funds] program for FY [fiscal year] 1985–86. This would include \$100 million for a commodity import program, a \$100 million cash transfer, and \$50 million for project aid, to be added to our current FY 1985 ESF program of \$20 million and FY 1986 request of \$20 million. The com-

modity import program will make possible the import of capital goods for long-term infrastructure needs. A cash transfer would address pressing needs rapidly and help avoid domestic strains caused by economic difficulties. The project aid will focus on water and agricultural projects.

Investment that is essential for Jordan's development has been severely constrained by the balance-of-payments deficit. An assistance program of this size will permit major new investments and continued necessary imports and, thus, a return to the higher growth of a few years ago.

Jordan and the Peace Process

These economic problems are real and serious. Jordan is a friend, and its needs are urgent. At the same time, these problems are occurring at a crucial moment. There is a new momentum in the peace process in recent months—a momentum due largely to King Hussein.

Jordan has been actively preparing the Arabs to engage in a process leading to a comprehensive peace. Last fall, Jordan reestablished diplomatic relations with Egypt, thereby reducing Egypt's isolation, underscoring once again Jordan's moderate role and reinforcing the principle that no state should be ostracized or penalized for making peace. This strengthened the Arab moderates. At about the same time, Israeli Prime Minister Peres announced his willingness to enter into negotiations with Jordan without preconditions. Last November, Jordan hosted a Palestine National Council session in Amman—in defiance of Syrian opposition. At that session, King Hussein publicly challenged the PLO [Palestine Liberation Organization] to accept UN Security Council Resolution 242, to abandon the call for an independent Palestinian state, and to embark with Jordan on a path of peace negotiations.

The King's agreement with the PLO on February 11 was a step toward organizing a Jordanian-Palestinian delegation for negotiations with Israel. President Mubarak of Egypt also suggested ways to advance the process. On his visit to Washington, the King gave proof that he is seeking to build on the momentum he has done so much to create.

- He categorically stated his own desire, and that of his Palestinian partners, for "a peaceful settlement." The Palestinians, he said, "are willing to accept the United Nations Security Council

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Resolutions 242 and 338 and the principles they contain as the basis for a settlement."

- He left no doubt that he meant "negotiations amongst the parties to the conflict, in other words, negotiations between the Arab side, in this case a Jordanian-Palestinian delegation, with Israel on the other side," in a supportive international context.

- He said that the Palestinians are turning away from their previous policies: "The relative futility of armed struggle," he said, "and the burdens of continuing military occupation, suffering and destruction have increased the desire for a peaceful alternative." The King spoke of "proceeding in a non-belligerent environment."

- He stated that the PLO had accepted the goal of a "Jordanian-Palestinian confederation," which we interpret to mean that the PLO has given up on an independent Palestinian state.

- He affirmed his desire to move toward peace talks now: "this year."

President Reagan, for his part, repeated America's commitment to an active role in the search for peace. He expressed admiration for all that Jordan had done to advance the process. The President acknowledged that Jordan has real economic and security needs. He confirmed that the King can count on the United States for assistance in addressing problems Jordan may face in those areas.

Another important recent step in the peace process has been Prime Minister Peres' speech to the Knesset on June 10, in which he outlined a five-stage plan for direct peace negotiations. The Prime Minister called for:

- Continued talks between the United States, Israel, Jordan, Egypt, and non-PLO Palestinians;

- Setting up a small Israeli-Jordanian-Palestinian team to prepare the agenda for an Israeli-Jordanian-Palestinian summit, with U.S. participation;

- Recruiting the support of the permanent members of the UN Security Council for direct negotiations, without asking them to support in advance the position of one of the sides;

- Appointing Palestinians from the West Bank and Gaza who will represent the inhabitants of the occupied territories and be acceptable to all parties; and

- Convening an opening conference within 3 months in the United States, Western Europe, or the Middle East.

We welcome these ideas as a reaffirmation of Israel's wish to negotiate. We will be discussing these ideas with both parties to construct a mutually acceptable approach to negotiations. We have stayed in very close touch with Israel: their officials have come here, our officials have gone there, and we have been in close touch through regular channels. Assistant Secretary [for Near Eastern and South Asian Affairs] Murphy will soon travel to the area again to maintain these contacts and consultations.

Our other peace partner, Egypt, remains vital to progress. Israel sees better relations with Egypt as a key to improving the atmosphere for a negotiating process with Jordan. In May, Egypt and Israel began discussions on a variety of bilateral issues, including the Taba dispute, aspects of normalization, and the return to Israel of the Egyptian Ambassador. The atmosphere at the talks has been positive and constructive, and substantial progress has been made. We believe that Israel and Egypt are making a genuine effort to get their bilateral relationship back on track, and we intend to help them as appropriate.

We are anxious that the present opportunity not slip away, as has so often happened before, with such tragic consequences. But tough problems remain, and we have a long distance to go.

- The question of Palestinian representation remains unresolved. We must find a formula that all parties can accept. The President has restated our own firm position on the PLO: we will not recognize or negotiate with the PLO unless it clearly and publicly recognizes Israel's right to exist and accepts Resolutions 242 and 338. At the same time, we believe credible Palestinian representatives must participate in every stage of negotiations. Otherwise it would be impossible to achieve the broad Palestinian support necessary for what would be agreed to in the give-and-take of negotiations.

- Another issue is the structure and auspices of the process. We understand King Hussein's desire for a supportive international context, and we know this is a key question. It remains our firm conviction that, with imagination, an answer can be found that will enhance rather than retard the process.

We are prepared to do what we can to bring the parties together. Before King Hussein's visit here, Assistant Secretary Murphy and I both made trips to the Middle East.

The purpose of Mr. Murphy's trip in April was to discuss what could be accomplished in 1985, which several key players in the region had termed the "year of opportunity." We wanted to encourage that sense of urgency. On that trip he found a general understanding among King Hussein, Prime Minister Peres, and President Mubarak that the next 6 months offer the promise of forward movement. He also found a common realization that the aim is to begin negotiations between Israel and an Arab partner in ways that take account of the political realities facing each party.

My own trip to Israel, Egypt, and Jordan in early May confirmed that the key leaders were serious in their desire to move forward. Everyone understood that the problems ahead are politically very difficult. But I also found a strong desire to find solutions.

Based on our assessment, the President decided that the United States would engage actively in the process at this moment of new opportunity. The goal—again—is direct negotiations between Israel and Jordan, with Palestinian participation. This goal is now agreed.

Thus, something new has been happening. King Hussein has been active; he has been moving; he has taken several initiatives. For the first time in some years, someone on the Arab side is focusing on how to get negotiations started, rather than sitting back demanding guarantees of the final outcome. All parties are now focusing on the practical steps that must be taken, advancing their own ideas on how best to begin direct negotiations. This is a new, positive, and important development.

In the turbulent environment of the Middle East, there are those who oppose the peace process and who use violence to stop it. King Hussein is showing great courage and statesmanship. But there are also many millions of people in the Middle East, and many governments, who want to see stability and peace. And there are millions of people around the world, and many governments, who want the same. They recognize that something new and important is happening; they are moving to support King Hussein's efforts. We in the United States, who are crucial to the peace process, must be responsive as well.

President Reagan and I are heartened by the resolve the King is showing. We are encouraged by the degree to which he has secured Palestinian support. We believe his efforts are genuine,

promising, and courageous, and we believe it is essential that America show its support.

Conclusion

The search for peace in the Middle East is one of our highest priorities. The bold, courageous leadership of Jordan is indispensable. In the difficult situation he faces, King Hussein understandably has approached the peace process one step at a time. But it cannot seriously be disputed: his visit to America was a significant milestone on the road toward direct peace negotiations with Israel.

This is the moment he most needs our support. Economic assistance at the level proposed will bolster Jordan enormously. It will be tangible evidence of our support for its positive and pivotal role. Jordan needs economic relief so it is not weakened or distracted while it confronts the hard political choices ahead. Jordan needs and deserves our help. If we want to advance the cause of peace, we will provide that help.

¹Press release 139. The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

News Conference of May 31

Secretary Shultz held a news conference at the Department of State on May 31, 1985.¹

I want to say a few words, first, about the visit of King Hussein and what we believe it represents.

The visit has confirmed the partnership of the United States and Jordan which is an essential underpinning of the chances for moderation, security, and progress toward peace in the Middle East. The visit has confirmed our joint commitment to move now "this year," as the King put it, to, as he put it, "negotiate amongst the parties to the conflict between the Arab side, a Jordanian-Palestinian delegation, with Israel on the other."

The visit has confirmed that negotiations will pursue, in the King's words, "a peaceful settlement on the basis of the pertinent UN resolutions, including Security Council Resolution 242 and 338." As the King said today, "The

Palestinians are willing to accept UN Security Council Resolutions 242 and 338 and the principles they contain as the basis for a settlement."

The visit has confirmed Jordan's genuine desire for peace which includes, as the King stated, "proceeding in a nonbelligerent environment." We and Jordan have much still to discuss regarding how we can best arrive at our shared goal of true peace. We certainly agree on the starting point, Resolution 242, with which we can note the President's September 1 initiative is fully consistent.

We continue to believe that the proposed international conference will not contribute to the peace process, but we will continue to seek ways in which international support for direct negotiations can be made evident. There are obstacles between here and the time when King Hussein and his delegation can sit down at the table with Israel, but there is motion today. The King's visit has given impetus to the process of peacemaking. As His Majesty said today, "Time is essential and success imperative."

Q. How do you intend to follow up the statement relayed by the King that the PLO [Palestine Liberation Organization]—you used the word "PLO"—you used the word "Palestinian" just now—that the PLO accepts 242 and 338? First, is it sufficient, what he has relayed to start a dialogue between the United States and the PLO; and (2) do you intend to meet with the PLO at any time soon?

A. As far as the United States is concerned, as the President said in his comments in the Rose Garden, "Our conditions are well known, and we will wait for a direct statement from the PLO."

However, I believe the King's statement is a very significant one. We know, obviously, that he has been, over quite a period of time, in close consultation with leaders of the PLO.

Q. When you say you will wait for a direct statement from the PLO, does that have to be public or could it come through private channels?

A. I think it has to be where we can see it and the American people can see it.

Q. Could I ask you what, apart from the international conference, do you find a major difficulty, as the State Department put it, with the King's proposal? And what would you like to see happen in the days or weeks ahead to accelerate the momentum?

A. I don't think of what's been put forward here and what King Hussein has done as representing various kinds of obstacles. Quite to the contrary, I think what the King has done is move the process in a very significant way, and it's the positive things that are so impressive.

Obviously, as realists—and you have to be a realist—you recognize that there are many obstacles that we have to overcome, and we have some differences of view. But where we see motion and where we see the identification of a grand objective, where we see the King saying that people in the area, including the Palestinians by now, recognize—I forget exactly how he phrased it in his address at the American Enterprise Institute—along the lines that armed conflict is not going to produce a solution, so you have to find a solution some other way. What other way is there? Negotiation is the other way.

Where you see all of those things, it gives you the feeling that where there is motion and where there is that spirit, well, then, we should work on these problems and try very hard to resolve them. The various things that have been done all represent problems, in effect, that people thought in various ways were insuperable but it's turning out that perhaps they're superable after all.

Q. This morning the King said that the next step should be a meeting between the United States and a Jordanian-Palestinian group. Have you been able to work out with the King and his advisers while he's been here any progress on the modalities of that? Presumably, the Palestinians would have to be acceptable to the United States for you to sit down with them. Have you made much progress, say, from between this meeting and 2 weeks ago when you were in Aqaba?

A. We've discussed it further, and we haven't got it nailed down by any means. Obviously the key is having the right people there. But I think we've made a little headway on that. I would expect that this is something that, if we can, we would like to put in place fairly soon.

Q. Would you do it yourself or would you more likely have Mr. Murphy [Assistant Secretary for Near Eastern and South Asian Affairs Richard W. Murphy]—

A. No, we're thinking about it as something that Ambassador Murphy and an accompanying group would do on behalf of the United States, assuming that we can put together the right structure of a delegation.

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Q. Do you have any objections to any non-PLO members who happen to be members of the Palestine National Council?

A. We have talked about criteria, and I'm sure there are members of the PNC who are not members of the PLO who could be considered.

What we want, of course, basically, are people of good will who are thoughtful and responsible and are truly dedicated to nonviolent negotiated solutions and are truly ready to strive for peace with Israel.

Q. Could I come back for a second to the international conference? The King said today—not in his speech but in answer to a question—that his vision of the international conference is not one that would oversee direct negotiations between Israel and the Arabs but one which, in effect, gives its blessing in advance and then leaves the direct negotiations to go. Do you see that as a promising avenue, or is that what you were referring to earlier when you said that is not something the United States could accept?

A. That is something about which we haven't been able to resolve our differences. At the same time, we can understand King Hussein's desire to proceed somehow within the framework of broad international support. So, at least as we look at it, we should seek ways to find that.

We've discussed it at great length, and I fully respect the King's view. I think I understand what he is proposing. We are not convinced, or we are very skeptical, as I've said, that it would achieve the results that we're seeking. After all, it's not a conference that we want. It is negotiations that we want. The negotiations, as the King said, are between the Arab side—a Jordanian-Palestinian delegation—with Israel on the other side. That's the object.

Q. Before meeting with a joint Jordanian-Palestinian delegation, would the United States like some assurances from the other side that that kind of a meeting would not become, in itself, a negotiation or an obstacle to direct negotiations between the Arabs and Israel?

A. We believe that the agenda for such a meeting ought to focus on the fact that Resolutions 242 and 338 are the basic touchstones on which one would go forward. As I noted, that's fully consistent with the President's September 1 initiative. But, of course, we fully recognize that if and when the parties do come to sit around the table

with Israel and the Arab side, that they will come with different positions. Otherwise, there wouldn't need to be a negotiation.

The big point, however, is that it is at that table that negotiation should take place, not in anticipation. That's the bargaining table. That's where the negotiations should take place about what arrangements are agreeable to people, as to governance of the territories involved.

Q. King Hussein has said the Soviet Union should be part of this international umbrella, or context, or whatever, that he wants as a prelude to direct talks. But yesterday, the State Department seemed to set some pretty harsh or hard conditions for Soviet participation in Middle East talks, or hard conditions for Soviet participation in Middle East talks, or did it? What's your feeling about that?

A. First of all, as I said, the objective is to have the parties directly involved discuss the issues and try to resolve them. The less preliminaries there are to that, the better. Those who should be involved, of course, should be ones who want to see this process go forward.

I believe the evidence is quite clear, at least from things that I have seen, that the Soviet Union, for example, is opposed to the accord that the King worked out with the PLO, just to take an example. So if that's their view, I don't know quite how they're going to make a contribution to what we are trying to achieve. I don't have anything against the Soviet Union as such, with respect to the negotiation, but their attitude toward this has not been a constructive one.

We also did take note of the fact, as an example, that they do not have diplomatic relations with Israel, and there are all kinds of problems in the Soviet Union with such things as Jewish emigration and so on. But the real point here is that the sooner the parties directly involved get to the negotiating table, the better.

Q. In answer to a question today, King Hussein said that although his proposal for a Jordanian-Palestinian confederation may not be identical to the plan proposed by the President on September 1, that he couldn't think of any significant differences between the two. That being the case, does the United States plan to make any new effort to get Israel to accept the President's September 1 plan?

A. The President has put forward a set of proposals. That was properly described, I think, as an initiative rather than a plan. It was a statement about positions that the United States would take at a negotiating table, fully recognizing that others will take different positions. The right answer to this problem is the answer that those directly concerned come up with as a result of negotiations; not some plan that somebody thinks up. So the President's effort was to set out some statements that he hoped would help people decide that they should come to the table and discuss their differences, and that remains the case.

Q. If I understand this correctly, the one truly new element in this is the King's assertion that the PLO accepts 242 and 338, and you would like to see something directly from the PLO in that regard. If that doesn't happen, would you still feel justified in hoping for some concrete progress by the end of this year?

A. There are all sorts of ways to move ahead. What we must do is keep working the problem, and try to add, increment by increment, to the progress that has already been made so that we continue positive movement, first toward the bargaining table and then at the bargaining table, toward a peaceful resolution of the issues. There are more than enough issues to resolve. You have named one. There are a number of others. I'm certain that there are ways to get started, somehow or other, with a proper Palestinian delegation.

Q. Do you believe the time has come for the United States to abandon or modify its policy not to undercut the unratified SALT II Treaty?

A. That's a question that is before the President and will be discussed, and I will give my views to the President directly.

Q. To return to King Hussein's visit, the King said this morning that he thought that Syria and the Golan Heights would be appropriate issues for participants in the international conference. Does the United States share that view that Syria should be involved in the peace process, and will there be an American initiative to talk with Syria in the coming weeks as there apparently will be this effort to talk with the Jordanian-Palestinian delegation?

A. It has long been the U.S. position, and it remains the U.S. position, that when—Resolution 242 in speaking about territories refers to all of them,

including the Golan Heights. So that has been our position. We've stated it and restated it many times, and it remains our position today. So if Syria wishes to come and negotiate about that with Israel, of course, it's a question of what Israel will decide to do. But our position is that that's a negotiable question.

Q. What has become of the Administration's long-studied Middle East arms package, and why is it taking so long to reach a political agreement within the Administration?

A. I don't think it's a question of reaching an agreement within the Administration. I think it's progressed quite well, and I believe that we'll be prepared to say what we have to say on this subject before long.

Q. Would the United States support an international peace conference away from the Security Council?

A. We are trying to think about ways to perform the very legitimate function that the King has in mind and that, in our judgment anyway, will succeed. And just what they may be, how they may turn out, I don't know as yet. We're searching, and we have a number of ideas in mind. We haven't found one that is fully satisfactory to us [or] to them.

I might say that in all of these things, we are in close consultation with Israel because everybody has to be part of this effort if it's going to succeed.

Q. Are you sending King Hussein empty-handed or without any breakthrough, and what's the next step? Is the ball now in the U.S. court?

A. I think that the King came here as a man of peace. We had some very constructive discussions with him. I believe that the process was advanced during the course of his visit here, and I hope that when he returns, [he] returns more determined than ever to continue on the road to peace. And I would say, judging from the very powerful address that he delivered to the American Enterprise Institute forum, that that is very much his view. It's been a most worthwhile visit.

Q. The last time that you helped put together a deal between Israel and a neighboring state, President Assad of Syria was able to sabotage it very quickly. Are you concerned that the President of Syria can do it again, and what are you doing to make sure that he doesn't?

A. It's always a problem that those who oppose peace may be able to sabotage it, and those who favor peace and who work for peace have to do that in a very strong way. And I think we

have to recognize that there are security and economic aspects to a move toward peace. There's no way around it.

I might say, when you look at Lebanon today and ask yourself, would Lebanon be better off if the agreement that was negotiated—and which as you, I think, accurately pointed out, Syria managed to undermine—but if that had gone forward and Israel had been able to withdraw in an orderly way with the orderly processes envisaged in that agreement, would Lebanon be better off today than it is now? And I think the answer is yes.

And I believe also, as King Hussein stated in his speech, that it must be by now that more and more people in the Middle East conclude that the road of armed violence as a method of addressing their grievances has not worked. And so we should seek another method, and the other method, obviously, is negotiations.

Negotiations can work. People who have major differences of opinion can, if they work at them in good will, resolve them, and, of course, the Peace Treaty with Egypt and Israel stands there as an example of negotiations working.

Q. King Hussein said the PLO should be directly involved in negotiations. Does the United States rule out any direct talks with the PLO, either in preliminary efforts to get talks going or in actual negotiations themselves?

A. As I think I've already stated, the U.S. conditions for direct talks ourselves with the PLO have been stated very clearly. They haven't been fulfilled. Maybe they will be. That's one thing. What the United States may do—and, of course, it's another thing, who will be sitting at the table, and what Israel's attitude may be toward a delegation that comes.

Q. Why do you think we have not heard a response from the PLO and Mr. Arafat [chairman, PLO Executive Committee]?

A. I don't know Mr. Arafat, so I'm not going to speculate on that question, but I do think that King Hussein's representations must be taken very, very seriously as he is in close consultation with Mr. Arafat and his branch of the PLO.

Q. On the 21st of May, two South African commandos were killed and another captured only a few hundred yards from a plant in Angola jointly owned by the Gulf Oil Company and the Angolan Government. How seriously do you take this incident? Is

there anything the United States can do about it, and does it affect your judgment about South Africa's intentions in the southern African peace process?

A. It's a matter that we objected to. We have said that to the Government of South Africa, and I think given the fact that South Africa under their accord was presumably out of Angola, it's a setback.

Q. The President's national security adviser was recently quoted as saying that during the height of the Beirut crisis, the United States could not practice what he described as "agile diplomacy" because of the uncooperativeness between the State Department and the Pentagon. In fact, I think he even said there might be some hostility. Could you tell me what your reaction to those remarks were and what you're trying to do about it, if anything?

A. No. I couldn't tell you what my reactions to those remarks are [Laughter].

¹Press release 122. ■

News Conference of July 3

Secretary Shultz held a news conference at the Old Executive Office Building on July 3, 1985.¹

President Reagan has often stated his desire to improve our relationship and improve communications with the Soviet Government and to find ways to narrow the differences between us. He sees the planned meeting with General Secretary Gorbachev as an opportunity to deepen our dialogue and to lay the basis for practical steps to improve U.S.-Soviet relations.

At this meeting, of course, the two leaders will, as is said, get acquainted, and that's worthwhile in and of itself. However, as the President sees it, the best way to get acquainted is through serious, substantive discussion of the principal issues between our countries. And as we approach this meeting, and from what I can see the way the Soviet Union will approach this meeting, we will both be wanting to discuss in one way or another these principal issues.

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We have no illusions about the distance between U.S. policies and Soviet policies, nor about the fact that our systems are very different systems. It's a difficult problem to develop this relationship in a more constructive way. At the same time, I think it is one of the very necessary challenges to leadership on both sides to work at the problem of finding a way for two different systems to coexist in this small world that we have. It's important for us to redouble our joint search for ways to reduce tensions, lower the dangers of confrontation and conflict; and the President hopes that from this meeting, we'll make progress in that direction.

I think we have to see that this is an ongoing process. His meeting with the General Secretary will be a very important part of it. It will be preceded by, I'm sure, a determined, preparatory effort; and if the meeting is successful, it will result in a kind of an agenda for what should go on in the future. The meeting needs to be seen as important, but as, at the same time, part of the process that has been going on and will go on before the meeting and will continue afterward.

Since General Secretary Gorbachev has stated his desire to find practical ways to improve relations, and the President of the United States is also looking in that direction, we hope and expect that both sides will approach this meeting in the same constructive spirit.

Q. When you talk about an agenda, do you contemplate that there will be any tangible actions that would come out of this meeting that we could look at and determine whether success had been achieved or not?

A. I don't think that it's wise to try to construct a scorecard of some kind for success. The fact that the meeting will be held, and it will be a serious meeting—it will be a substantive meeting, I'm sure; certainly that is our intent, and I am certain that is the Soviet intent—and just how the meeting will go remains to be seen. We, obviously, have had much discussion with the Soviet Union about the broad agenda of issues between us, and we'll have more before the meeting, and we'll just have to see how it proceeds.

Q. Could we go over what the substance is and what the broad agenda encompasses, specifically?

A. I can't do that with you because we haven't worked it out. And, to a certain extent, I suppose when you get two heads of state of these two great nations together, that there will likely be an in-

terplay between them, and they will construct their own agenda to a certain extent.

Yet, certainly, we plan to have discussions between ourselves in diplomatic channels that will make an effort, at least, to organize the meeting somewhat; and, obviously, we'll continue to work at things where we've been negotiating on one matter or another. But the whole problem of constructing the way the meeting will work is something that we're now working at.

Q. You'll be seeing the new Soviet Foreign Minister in Helsinki, and presumably in New York, but those are kind of brief encounters by their nature of being 1 day or so. Do you think it's conceivable, as some of your predecessors have prior to other summit meetings, to go to Moscow yourself for any—3 days or so of kind of preliminary discussions?

A. There is no plan for anything of that kind. I do look forward to meeting in Helsinki with the new Soviet Foreign Minister and welcome that opportunity to talk with him, get to know him, as I got to know Foreign Minister—now Chairman—Gromyko. We'll just have to see how it unfolds as to the way in which the preparatory effort takes place.

We don't know, but we expect, as you suggested, that the new Foreign Minister will come to New York for the UN meetings, and that will be a time when he is likely to be here for a little while, and so we'll have opportunities for at least one, perhaps more meetings during that time.

Q. In light of the fact that Mr. Gorbachev has suggested that the Soviets might pull out of the arms control talks since there's no progress, will President Reagan be under any kind of special pressure, do you think, to make some attempts to move that along so that after the summit meeting the Soviets won't walk out of the talks?

A. There is no special pressure, as far as we're concerned. It doesn't take special pressure for the President to wish to see the Geneva negotiations move along, and to that end we have put, we think, quite interesting and forthcoming proposals on the table. Our negotiators are there and prepared to negotiate. That is our posture, and that's where we'll stay.

As far as agreements are concerned, of course, we're always—welcome an opportunity to make a good agreement, but we're not interested in agreements

for the sake of agreement, and I don't expect the other side is either.

Q. On that point, November, as I recall it, is the time when the Soviet moratorium, which they announced recently with regard to medium-range missiles, is to expire, and mid-November is the time when President Reagan has asked for a report about the next decisionmaking on compliance with SALT II. In the light of that, do you see this meeting in mid-November as being one that would be some kind of a crucial turning point, not only in the arms control negotiations, but in the field of military programs for the two sides?

A. I think that that's certainly overstating things, and I would deliberately stay away from words like "turning point." But certainly we regard this as a very important meeting, and, as I said, we'll be prepared for serious, substantive discussion there as part of an ongoing process, and that's the way the President will be approaching it.

Q. Over the last 4 years, the President and you have literally grown hoarse telling us that there was no point in having a summit unless it would be well prepared and have good expectation of having substantive results. What's changed?

A. In the first place, I think that there will be an extensive preparatory effort, so we won't have a situation where two people just get together and say, "Hello," with no preparation. We want to see the meeting prepared for thoroughly, and so does the Soviet Union; we will do that.

I think that here we have a situation, as I said some time ago, where we have new leadership in the Soviet Union that has clearly established itself. For that matter, we have a new Foreign Minister and a President with his basic term ahead of him and his policies established. I think under those circumstances it's quite sensible for these two men to meet.

And, as you know, they agreed that it would be a good idea to have a meeting some time ago, and now they have agreed on the time and place for the meeting. I might say that they both have agreed—that is, they have told each other that they would like to see a more constructive relationship emerge from the meeting, so maybe the first two conditions having been satisfied, who knows, maybe the third will. But, at any rate, that's the spirit in which the United States will approach the meeting.

Q. The Administration has said in the past that it would expect to see some indication of progress in the arms control talks before such a summit meeting could be expected to be successful? Do you expect that the arms control talks will move in some direction—some positive direction—between now and November, or will they, in effect, be on hold until after the summit?

A. As far as we're concerned, we're prepared for progress, and, as I said a moment ago, we have strong positions on the table, and we have negotiators there ready for the give-and-take of negotiation. The fact of the matter is that there hasn't been any real progress in those talks, and that's just descriptive of where they stand. That's about what you can say on this subject right now.

Q. In 2 days you depart for meetings with the Asian and the Pacific allies. Does the fact that you're also discussing a Soviet-American summit indicate that you will toughen your stand even further regarding the Asian and Pacific allies? In other words, would the United States ever change its policies concerning the alliances in that region?

A. Our policies toward Asia and the Pacific have been developed and they're clear and they're ongoing, and, I think, basically quite successful. We intend to continue to pursue them.

And on the trip I will not only go to Southeast Asia and Australia, but also at the same meetings will be the Foreign Minister of Japan, as well as from many other countries. It's a good setting for a continual nourishment of something that is basically positive.

We do, of course, have the fact that Vietnam has virtually occupied Cambodia, and we strongly support the ASEAN [Association of South East Asian Nations] effort to resist that and to create a situation where Cambodians will have their country back.

Q. Still on the ANZUS [Australia, New Zealand, United States security treaty], are you going to press for a bilateral relationship with Australia or keep ANZUS the way it is?

A. We have, of course, a strong bilateral relationship with Australia. We will meet in Canberra—the United States and Australia. Our agenda for discussion will be like the one that typically we had at ANZUS meetings, but under the circumstances with New Zealand's withdrawal of a willingness to have our ships call in New Zealand

ports, this has put that aspect of the ANZUS to the side.

However, the ANZUS Treaty remains as it is, and we will continue forward with Australia and hope that in the end the problems with New Zealand will work themselves out, but there's no indication of that.

Q. In recent years the Administration has spoken of Soviet support of international terrorism, specifically Soviet training, arming, financing of terrorist groups. Is it your current information that the Soviet Union continues to do that, and, if that's the case, might that be a subject at the summit?

A. I think the agenda for the summit is yet to be determined, but certainly the general subject of hijacking and terrorism is a subject that must be on everybody's mind, and probably we'll want to talk about it.

Q. What about the first part of the question?

A. I don't have any comment on it.

Q. Understanding that it's still early for the agenda to be set, does the President nonetheless already know that he wants Afghanistan or the Soviet role in Central America to be discussed in any summit?

A. We generally have a four-part agenda of our own. The Soviet Union has its agenda, but we have talked with the Soviet Union, of course, about arms control issues. They're very important and central. We have a whole set of bilateral opportunities and problems where progress is possible.

We have developed a pattern of discussions with them of what are called regional issues. You mentioned one—Afghanistan. We had a meeting about Afghanistan with the Soviet officials recently, so regional issues in one way or another are subjects for discussion. We always carry on our agenda the general subject of human rights, and, as a matter of fact, a basic reason for going to the Helsinki meeting commemorating the 10th anniversary of the Helsinki Final Act is to call attention to the commitments made in that act by all the governments which are party to it.

Q. If I may, a question and a followup on the TWA hijacking. Now that the FBI has firmly identified the hijackers, what will our government do to prosecute the case?

A. I won't respond to that, so I'll save you the followup. [Laughter]

Q. There are reports that Iran played a positive role in securing the release of the TWA hostages. Could you comment on that?

A. It's hard for us to know precisely who said or did what, so I won't make any comment. I think as far as Iran is concerned, we would like to see them try and bring to justice the hijackers they hold from the earlier hijacking in which two Americans were murdered.

Q. On a regional issue, in the summit, about Middle East—do you think that there will be any agreement between the United States and the Soviets if the Russians did not put in to action some of the examples which the State Department mentioned a couple of weeks ago?

A. I'm not following your question.

Q. An example which you said that the Soviet Union should take to prove that they can be helpful in solving the Middle East problem.

A. The Middle East problems are among those that we have discussed from time to time with the Soviet Union, and certainly as in all of these discussions of regional issues, there is an important, you might say, damage control element to those discussions in information-sharing. Of course, when you speak of the Middle East, it's a big place, and there are the excruciating problems of Lebanon right now. There is the Arab-Israeli set of issues. There is the Iran-Iraq war, the problems of the gulf. So there's a wide array, not to mention Afghanistan. So these issues may very well be discussed.

Q. The Islamic Jihad today has threatened the remaining hostages in Lebanon with a black fate if we go ahead with our plans to shut down the Beirut airport. I wonder if you have any response to that?

A. We don't respond to threats. But as far as the Beirut airport is concerned, we have a very clear picture. Here's an airport that over the past decade and a half has been the point of origination or termination or transit of a full 15% of all the hijackings outside the United States. And in the most recent hijacking it became a place from which hijackers

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were resupplied and supplemented and from which hostages were taken and held.

And so that airport, I think, constitutes a menace. We have said our opinion about that and what we will do, as far as the United States is concerned, we have sent our views out to other governments.

I think there was an outstanding statement made today by Prime Minister Thatcher of the United Kingdom, and Vice President Bush in London, in which the British have stated views very parallel to ours, and we look for a meeting of the so-called Bonn group. I think it's on the 11th or so, and we want to focus in on the importance of making the Beirut airport off limits until it makes terrorists off limits.

Q. But will you go ahead, even if it means harm to our hostages?

A. We must think not only about the present, but we must think about the future and recognize that we have a place here that has become a genuine menace.

Now, of course, we are very concerned and have been working in every way we can think of to obtain the release of the seven hostages now being held and we'll continue to do so.

Q. Was Geneva specifically chosen by the two superpowers to give a particular impetus to the nuclear arms talks taking place there? And could you say whether you think any progress is possible in Geneva between now and November so long as the Soviets continue to demand that the United States give up its Star Wars program, or its SDI [Strategic Defense Initiative] program, as a condition for real negotiations?

A. Not on those conditions. But it's always possible that progress can be made, but there's nothing in the negotiations that's emerged to date that would tell you that that is likely. But our people will continue there, they'll continue to work at it in good faith and with good proposals.

As far as the selection of Geneva is concerned, it's a place that historically has been considered a neutral place where meetings of this kind can be held and there are good facilities. So it's a natural place for this sort of meeting.

Q. Is the question of Poland likely to come up during the summit meeting? There are reports that Mr.

Gorbachev has been increasing the threat of Soviet pressure on the persons in Warsaw. Is this subject likely to come up?

A. It may very well. It's part of the regional picture, but I can't say what will come up and won't come up. You have to remember that even though the meeting will take place over a period of 2 days, that's still a limited amount of time, and we will try to use that as effectively as possible. The issues presented by the problems of Poland, we consider to be very important issues. But what will actually come up and how the agenda will be framed, I can't say at this point, because we haven't framed it yet.

Q. This morning the *Los Angeles Times* said that the State Department was considering a reward for the hijackers. Larry Speakes [deputy press secretary to the President] confirmed that a reward is under consideration. Can you tell us what, in fact, triggers that reward apparatus? Do you have to say something, do you have to do something, or is it in effect right now?

A. The Congress authorized an appropriated fund in connection with our efforts to develop action on terrorism whereby we're in a position to offer rewards for information leading to the trial and successful prosecution of terrorists. The authority to put such rewards forward resides in the Secretary of State who will do whatever the President tells him to do, but I will make recommendations, too. When we have something to say on that, we'll say it, but it's an authority we have, and it's an interesting way of going about the gathering of information.

We have tried to equip ourselves with the help of Congress to have an ability to throw as wide a net as possible, and that's one possible way to seek a certain class of information.

Q. There's been several references about the hostages to the fact that the people of the United States do not understand or realize the problems or the depth of misery in the Middle East. As a result of this experience, have you any goal or constructive plan in diplomacy to try to make things better, a better understanding between the United States and the Middle East?

A. I suppose anybody who watched the films that have been shown during the period when the hostages were held in Beirut, by this time, is familiar with the destruction which basically the Lebanese have inflicted upon themselves

in Lebanon; not only in Beirut but pictures weren't shown, for instance, of Tripoli or other cities. So there is great turmoil there, and it is something that affects anyone, particularly like me who has been there and seen it in better times with a wish that somehow it could be returned to that order. The United States has made, and continues to make, strenuous efforts to do so.

I can't help but wonder if some of those involved, who were so anxious to see the agreement we worked out abrogated, might be scratching their heads and thinking if they might not be better off right now if this stability envisioned in that agreement were present.

As far as the broader issues of the Middle East are concerned, we continue to work hard at the Arab-Israeli issues. I think with the leadership of King Hussein and President Mubarak, and elements of the Palestinian movement on the one hand and of Israel and Prime Minister Peres on the other, there seems to be some motion. We are doing everything we can to nourish that.

Of course, in the Iran-Iraq war, there you have a war where more people have been killed and injured than anything in recent memory and it continues. There seems to be little that we, as the United States, can do although we try and we have done some things, but it's a very distressing situation.

Q. Is it thinkable or likely that the superpowers 1 month after the Geneva meeting would allow SALT II to expire?

A. I don't want to speculate on what might or might not happen as a result of the discussions coming up in Geneva. As I said, the agenda is yet to be established.

Q. The President had said on more than one occasion—in fact, invited Mr. Gorbachev to come to Washington for the summit. Why has the President decided to give in on this point?

A. I don't think it's a question of giving-in, particularly. I think each party wanted the other to come to its capital, and so this is the first meeting in quite a while. We agreed that the site of Geneva would be appropriate.

I think, in the end, if this moves along in a reasonable way, there's a great deal to be said for the two most powerful countries in the world having the meetings between their heads of state in their own countries. But on this occasion, it seemed more sensible to go ahead and have the meeting in Geneva.

Building an Interim Framework for Mutual Restraint

I have one additional statement that I would like to make before we close.

I want to take this opportunity to congratulate Prime Minister Peres and his government for the courage and foresight they've shown in moving boldly to address Israel's serious economic problems.

The new economic measures that have already been announced are far-ranging and include new cuts in government budget expenditures, additional sizable reductions in consumer subsidies, a realignment of the shekel exchange rate, a reduction in public-sector employment, and a 3-month wage-price freeze. The new economic measures, if fully and vigorously implemented, represent an important step forward in Israel's continuing efforts to stabilize its economy and restore growth and prosperity.

The United States understands from its own experience the difficulty of taking such decisions as sizable cuts in the budget. We also recognize that there are no substitutes for the forthright action in these circumstances. That is why we stand ready to support Israel in this important undertaking with supplemental economic assistance. We expect soon it will be approved by Congress and will be available to be used in the way that will be most helpful to Israel.

¹Press release 148. ■

President Reagan's statement, message to the Congress,¹ and unclassified fact sheet of June 10, 1985, concerning building an interim framework of mutual restraint with regard to strategic arms.

PRESIDENT'S STATEMENT

In 1982, on the eve of the strategic arms reduction talks (START), I decided that the United States would not undercut the expired SALT I [strategic arms limitation talks] agreement or the unratified SALT II agreement as long as the Soviet Union exercised equal restraint. Despite my serious reservations about the inequities of the SALT I agreement and the serious flaws of the SALT II agreement, I took this action in order to foster an atmosphere of mutual restraint conducive to serious negotiation as we entered START.

Since then, the United States has not taken any actions which would undercut existing arms control agreements. The United States has fully kept its part of the bargain. However, the Soviets have not. They have failed to comply with several provisions of SALT II, and we have serious concerns regarding their compliance with the provisions of other accords.

The pattern of Soviet violations, if left uncorrected, undercuts the integrity and viability of arms control as an instrument to assist in ensuring a secure and stable future world. The United States will continue to pursue vigorously with the Soviet Union the resolution of our concerns over Soviet noncompliance. We cannot impose upon ourselves a double standard that amounts to unilateral treaty compliance.

We remain determined to pursue a productive dialogue with the Soviet Union aimed at reducing the risk of war through the adoption of meaningful measures which improve security, stability, and predictability. Therefore, I have reached the judgment that, despite the Soviet record over the last years, it remains in our interest to establish an interim framework of truly mutual restraint on strategic offensive arms as we pursue with renewed vigor our goal of real reductions in the size of existing nuclear arsenals in the ongoing negotia-

tions in Geneva. Obtaining such reductions remains my highest priority.

The United States cannot establish such a framework alone. It will require the Soviet Union to take the positive, concrete steps to correct its non-compliance, resolve our other compliance concerns, and reverse its unparalleled and unwarranted military buildup. So far, the Soviet Union has not chosen to move in this direction. However, in the interest of ensuring that every opportunity to establish the secure, stable future we seek is fully explored, I am prepared to go the extra mile in seeking an interim framework of truly mutual restraint.

Therefore, to provide the Soviets the opportunity to join us in establishing such a framework which could support ongoing negotiations, I have decided that the United States will continue to refrain from undercutting existing strategic arms agreements to the extent that the Soviet Union exercises comparable restraint and provided that the Soviet Union actively pursues arms reduction agreements in the currently ongoing nuclear and space talks in Geneva.

As an integral part of this policy, we will also take those steps required to assure the national security of the United States and our allies which were made necessary by Soviet noncompliance. Appropriate and proportionate responses to Soviet noncompliance are called for to ensure our security, to provide incentives to the Soviets to correct their noncompliance, and to make it clear to Moscow that violations of arms control obligations entail real costs.

Certain Soviet violations are, by their very nature, irreversible. Such is the case with respect to the Soviet Union's flight testing and steps toward deployment of the SS-X-25 missile, a second new type of ICBM [intercontinental ballistic missile] prohibited by the unratified SALT II agreement. Since the noncompliance associated with the development of this missile cannot be corrected by the Soviet Union, the United States reserves the right to respond in a proportionate manner at the appropriate time. The Midgetman small ICBM program is particularly relevant in this regard.

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Other Soviet activities involving non-compliance may be reversible and can be corrected by Soviet action. In these instances, we will provide the Soviet Union additional time to take such required corrective action. As we monitor Soviet actions for evidence of the positive, concrete steps needed on their part to correct these activities, I have directed the Department of Defense to conduct a comprehensive assessment aimed at identifying specific actions which the United States could take to augment as necessary the U.S. strategic modernization program as a proportionate response to, and as a hedge against the military consequences of, those Soviet violations of existing arms agreements which the Soviets fail to correct.

To provide adequate time for the Soviets to demonstrate by their actions a commitment to join us in an interim framework of true mutual restraint, we will plan to deactivate and dismantle according to agreed procedures an existing Poseidon SSBN [nuclear-powered ballistic missile submarine] as the seventh U.S. Ohio-class submarine puts to sea later this year. However, the United States will keep open all programmatic options for handling such milestones as they occur in the future. As these later milestones are reached, I will assess the overall situation in light of Soviet actions correcting their non-compliance and promoting progress in Geneva and make a final determination of the U.S. course of action on a case-by-case basis.

I firmly believe that if we are to put the arms reduction process on a firm and lasting foundation, and obtain real reductions, our focus must remain on making best use of the promise provided by the currently ongoing negotiations in Geneva. Our policy, involving the establishment of an interim framework for truly mutual restraint and proportionate U.S. response to uncorrected Soviet noncompliance, is specifically designed to go the extra mile in giving the Soviet Union the opportunity to join us in this endeavor.

My hope is that if the Soviets will do so, we will be able jointly to make progress in framing equitable and verifiable agreements involving real reductions in the size of existing nuclear arsenals in the Geneva negotiations. Such an achievement would not only provide the best and most permanent constraint on the growth of nuclear arsenals, but it would take a major step toward reducing the size of these arsenals and creating a safer future for all nations.

MESSAGE TO THE CONGRESS

The attached classified report responds to a requirement in the FY-85 Department of Defense Authorization Act (Section 1110 of P.L. 98-525) requesting a report that:

(A) describes the implications of the *United States Ship Alaska's* sea trials, both with and without the concurrent dismantling of older launchers of missiles with multiple independently targeted reentry vehicles, for the current United States no-undercut policy on strategic arms and United States security interests more generally;

(B) assesses possible Soviet political, military, and negotiating responses to the termination of the United States no-undercut policy;

(C) reviews and assesses Soviet activities with respect to existing strategic offensive arms agreements; and

(D) makes recommendations regarding the future of United States interim restraint policy.

In accordance with our prior interim restraint policy, the United States has scrupulously lived within the SALT I and II agreements governing strategic offensive arms. The United States has fully kept its part of the bargain. By contrast, we have found and reported to the Congress that the Soviet Union has violated major arms control obligations, as fully documented in comprehensive reports to the Congress on this subject in January 1984 and February 1985. Multiple Soviet violations of the SALT II Treaty and of other agreements were fundamental considerations in assessing a future United States interim restraint policy.

The basic United States strategic goals remain unchanged. In the years ahead, the United States objective is a radical reduction in the levels and the power of existing and planned offensive nuclear arms, as well as on stabilization of the relationship between nuclear offensive and defensive arms, whether on earth or in space.

I firmly believe that if we are to put the arms reduction process on a firm and lasting foundation, our focus must remain on making best use of the promise provided by the current negotiations in Geneva. The policy outlined in my report, involving the establishment of an interim framework for truly mutual restraint and proportionate United States responses to uncorrected Soviet non-compliance, is specifically designed to go the extra mile in giving the Soviet Union the opportunity to join us in this vital endeavor.

I believe that this policy, addressed in the classified report and the unclassified fact sheet, both recognizes the recent views of the Congress and serves as a basis for bipartisan support.

RONALD REAGAN

FACT SHEET

Building an Interim Framework for Mutual Restraint

Introduction. In response to legislation in the FY 1985 Department of Defense Authorization Act, the President today submitted a classified report to the Congress on building an interim framework of mutual restraint with regard to strategic arms. The following is an unclassified fact sheet based on the President's report.

Background of Our Current Policy. In 1982, on the eve of the strategic arms reduction talks, the President decided that the United States would not undercut the expired SALT I agreement or the unratified SALT II agreement as long as the Soviet Union exercised equal restraint. Despite serious reservations about the inequities of the SALT I agreement and the serious flaws of the SALT II agreement, the United States took this action in order to foster an atmosphere of mutual restraint on strategic forces conducive to serious negotiation as we entered START. Our assumptions in taking this action were threefold.

- First, we believed then, and continue to believe now, that mutual verifiable constraints on nuclear arsenals are important, especially as we try to move toward the goal of greatly reducing and eventually eliminating the nuclear threat, which the SALT agreements did not do. We saw the START negotiations as the path to the equitable and verifiable deep reductions in the size of nuclear arsenals that we seek. The United States was prepared to and has offered the Soviet Union the elements for such agreements in Geneva. However, we recognized that negotiating sound agreements takes time. Therefore, the United States made the commitment not to undercut existing agreements as long as the Soviet Union exercised equal restraint as an *interim* policy to provide what we hoped would be a framework of mutual restraint as we pursued agreements that would put the arms control process on a better, more sound, long-term foundation and bring real reductions.

- Second, at the time, we hoped that the leaders of the Soviet Union would, indeed, show equal restraint.

- Third, we judged that this policy of interim restraint would not adversely affect our national security interests, provided that, with the Administration and the Congress working together, the

United States undertook those steps necessary to counter the strategic advantages the Soviet Union had been building over the previous decade.

Unfortunately, in certain key respects, these assumptions have not stood the test of time.

U.S. Compliance. In accordance with U.S. interim restraint policy, the United States has not taken any actions which would undercut existing agreements. In fact, we have scrupulously lived within the SALT I and II agreements governing strategic offensive arms. For example, we have fully dismantled eight Polaris missile-carrying submarines as new Trident missile-carrying submarines have been deployed. In short, the United States has fully kept its part of the bargain.

Soviet Noncompliance. As detailed in two comprehensive presidential reports to the Congress, in January 1984 and February 1985, the Soviet Union has repeatedly violated its arms control obligations. While the Soviets have observed some provisions of existing arms control agreements, they have violated important elements of those agreements and associated political commitments.

- **SALT II.** With respect to the unratified SALT II agreement, these violations include the testing and deployment of a second new ICBM, the SS-X-25, and the encryption of telemetry during missile testing which impedes verification of agreements by national technical means. The Soviet Union has also probably violated this agreement regarding the prohibition on deploying SS-16 ICBMs. Serious concerns also remain unresolved with respect to other issues (e.g., the RV [reentry vehicle]-to-throw-weight ratio of the SS-X-25 demonstrated during testing).

- **Other Accords.** Additionally, the pattern of Soviet noncompliance with existing agreements extends well beyond SALT II. The Soviet Union is engaged in the construction of a large phased-array radar in central Siberia in violation of the Anti-Ballistic Missile (ABM) Treaty. When added to other Soviet ABM-related activities, including concurrent testing of air defense and ABM components and the development of mobile ABM components, there is serious cause for concern about Soviet preparations for a prohibited territorial ABM defense. Such a development would have profound implications for the vital East-West balance. The Soviet Union has also engaged in significant

violations of both the Geneva Protocol on chemical weapons and the Biological and Toxin Weapons Convention. We also judge that it has violated both the Limited Test Ban Treaty and the terms of the Helsinki Final Act. It is also likely that the Soviets have violated the nuclear testing yield limit of the Threshold Test Ban Treaty.

- **SALT I.** Even with respect to SALT I, where we have found the Soviets have complied with the letter of the agreement, we have concerns about their compliance with the spirit of the agreement. For example, after dismantling *Yankee*-class nuclear ballistic missile carrying submarines to comply with SALT I constraints, they have already converted one such submarine into a submarine longer than the original and carrying modern, long-range, sea-launched cruise missiles. While not a violation of the letter of SALT I, the resulting submarine constitutes a threat to U.S. and allied security similar to the original *Yankee*-class submarine.

Implications of Soviet Noncompliance.

These are very crucial issues, as effective arms control requires seriousness about compliance. The pattern of Soviet violations increasingly affects our national security and raises uncertainty about the forces the United States will require in the future. Just as significant as the military consequences of the violations themselves, this pattern of Soviet noncompliance raises fundamental concerns about the integrity of the arms control process, concerns that—if not corrected—undercut the integrity and viability of arms control as an instrument to assist in ensuring a secure and stable future world.

The U.S. Response to Date. The United States has consistently employed all appropriate diplomatic channels, including the U.S./Soviet Standing Consultative Commission (SCC), strongly to press the Soviet Union to explain and/or cease those activities which are of concern to us. In doing so, we have made it absolutely clear that we expect the Soviet Union to take positive steps to correct their noncompliance and to resolve our compliance concerns in order to maintain the integrity of existing agreements and to establish the positive environment necessary for the successful negotiation of new agreements.

Unfortunately, despite long and repeated U.S. efforts to resolve these issues, the Soviet Union has neither provided satisfactory explanations nor undertaken corrective action. Instead, Soviet violations have continued and ex-

panded as the Soviets have continued to build their strategic forces. Consequently, the Soviet Union has not been, and is not now, exercising the equal restraint upon which our interim restraint policy has been conditioned. Such Soviet behavior is fundamentally inimical to the future of arms control and to the security of this country and that of our allies.

U.S. Proportionate Response in the Future.

The United States will continue to pursue vigorously with the Soviet Union the resolution of our concerns over Soviet noncompliance. In this effort, we cannot impose upon ourselves a double standard that amounts to unilateral treaty compliance and, in effect, unilateral disarmament. As a minimum, in the case of irreversible Soviet violations, we must make appropriate and proportionate responses that deny the military benefits of these violations to the Soviet Union. In the case of Soviet violations that the Soviets can correct, we should develop and keep available comparable proportionate responses that provide incentives to the Soviets to take positive steps to correct the situation and which provide a needed hedge against the military consequences of Soviet violations should the Soviet Union fail to take the necessary corrective actions.

In this context, the United States will develop and, as needed, implement appropriate and proportionate responses to Soviet noncompliance as necessary to ensure the security of the United States and its allies and to provide real incentives to the Soviet Union to take the positive, concrete steps required to resolve our concerns.

Need for the U.S. Strategic Force Modernization Program.

To ensure our fundamental national security and as a baseline for further U.S. action, the integrity and continuity of the U.S. strategic modernization program must be maintained. If the modernization of the ICBM leg of our strategic triad is not fully implemented, as called for in our comprehensive strategic modernization program and recommended by the Scowcroft commission, we will have to reassess all aspects of our plans to meet our basic national security needs.

Fundamental U.S. Goals. While recognizing the seriousness of the problems cited above, we must not lose sight of basic U.S. goals which remain unchanged. During the next 10 years, the U.S. objective is a radical reduction in the levels and the power of existing and planned offensive nuclear arms, as well

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as the stabilization of the relationship between nuclear offensive and defensive arms, whether on earth or in space. We are even now looking forward to a period of transition to a more stable world, with greatly reduced levels of nuclear arms and an enhanced ability to deter war based upon the increasing contribution of non-nuclear defenses against offensive nuclear arms. A world free of the threat of military aggression and free of nuclear arms is an ultimate objective on which we, the Soviet Union, and all other nations can agree.

The Importance of Ongoing Negotiations. The best path to achieving these goals would be an agreement based on the far-reaching nuclear arms reduction proposal we have tabled at the strategic arms reduction talks in Geneva. The best approach to moving rapidly to a safer, more stable, and more secure world would surely be for both sides to make sharp reductions in their strategic offensive arsenals and, in particular, to eliminate large numbers of the most destabilizing weapons—strategic ballistic missiles—by agreeing to a verifiable aggregate ceiling of 5,000 warheads on the land-based and sea-based ballistic missiles of both sides.

Unfortunately, the Soviet Union through the years has shown little real interest in restraining the growth of its nuclear arms—let alone in achieving meaningful reductions or in making progress toward a verifiable, equitable accord which requires such real reductions. To the contrary, in spite of the seriousness and flexibility demonstrated by our negotiators in Geneva in the new negotiations begun this year, the Soviet Union has actually regressed from negotiating positions it had previously taken and has adopted a largely intransigent posture which severely impedes progress. We, nevertheless, remain determined to pursue a productive dialogue with the Soviet Union aimed at reducing the risk of war through the adoption of meaningful measures which improve security, stability, and predictability.

Establishing an Interim Framework for Mutual Restraint. It remains in the interest of the United States to establish an interim framework of truly mutual restraint on strategic offensive arms as we pursue with renewed vigor our goal of real reductions in the size of existing nuclear arsenals through the ongoing negotiations in Geneva. The United States cannot establish such a framework alone. It will require the Soviet Union to take the positive, concrete

steps called for above to correct their noncompliance, resolve our other compliance concerns, and reverse or substantially reduce their unparalleled and unwarranted military buildup. So far, the Soviet Union has not chosen to move in this direction. However, in the interest of ensuring that every opportunity to establish the secure, stable future we seek is fully explored, the President is prepared to go the extra mile in the direction of trying to establish an interim framework of true, mutual restraint.

Continued Restraint. Therefore, to provide the Soviet Union the opportunity to join us in establishing an interim framework of truly mutual restraint which would support ongoing negotiations, the President has decided that the United States will continue to refrain from undercutting existing strategic arms agreements to the extent that the Soviet Union exercises comparable restraint and provided that the Soviet Union actively pursues arms reductions agreements in the nuclear and space talks in Geneva. The United States will constantly review the implications of this interim policy on the long-term security interests of the United States and its allies. In doing so, we will consider Soviet actions to resolve our concerns with the pattern of Soviet noncompliance, continued growth in the strategic force structure of the Soviet Union, and Soviet seriousness in the ongoing negotiations.

Proportionate Response. As an integral part of the implementation of this policy, we must also take those steps required to assure the national security of the United States and our allies made necessary by Soviet noncompliance. Appropriate and proportionate responses to Soviet noncompliance are called for to make it clear to Moscow that violations of arms control arrangements entail real costs. Therefore, the United States will develop appropriate and proportionate responses, and it will take those actions necessary in response to, and as a hedge against the military consequences of, uncorrected Soviet violations of existing arms control agreements.

Responding to Irreversible Soviet Violations. Certain Soviet violations are, by their very nature, irreversible. Such is the case with respect to the Soviet Union's flight testing and steps toward deployment of the SS-X-25 missile, a second new type of ICBM prohibited by the unratified SALT II agreement. Since the noncompliance

associated with the development of this missile cannot, at this point, be corrected by the Soviet Union, the United States, therefore, reserves the right to respond appropriately, and the United States will do so in a proportionate manner at the appropriate time. The Midgetman small ICBM program is particularly relevant in this regard.

Responding to Reversible Soviet Activities. Other Soviet activities involving noncompliance may be reversible and can be corrected by Soviet action. In these instances, we will go the extra mile and provide the Soviet Union additional time to take such required corrective action. As we monitor Soviet behavior for evidence of the positive, concrete steps needed on their part to correct these activities, the Department of Defense will conduct a comprehensive assessment aimed at identifying specific actions which the United States could take to accelerate or augment as necessary the U.S. strategic modernization program in proportionate response to, and as a hedge against the military consequences of, those Soviet violations of existing arms agreements which the Soviets fail to correct.

In addition to the development of appropriate and proportionate U.S. military responses in the face of uncorrected Soviet noncompliance, this review will also consider the consequences of continued Soviet force growth as indicated in the most recent National Intelligence Estimate on this subject, the alterations to the ICBM portion of the U.S. strategic modernization program which have resulted from recent congressional action, and the issue of how the second 50 Peacekeeper missiles should appropriately be based. Soviet behavior during rounds II and III of the nuclear and space talks will also be taken fully into account.

Criteria for Response Options. In this context, as potential U.S. future actions are assessed, certain criteria will be used. The options will be designed as proportionate responses to specific instances of uncorrected Soviet noncompliance, hedging against the military consequences of such Soviet noncompliance. They need not necessarily be equivalent types of actions. Rather, these options will attempt to deny the Soviets the potential benefits of their noncompliance and, to the extent possible, provide incentives to the Soviets to correct their noncompliant activity. In all cases, the primary focus will remain upon options that underwrite deterrence, enhance stability, and can be

directly tied to the specific requirements of our national security. In this regard, the U.S. goal is not, per se, to build additional forces but to use these options to ensure our security in the face of uncorrected Soviet noncompliance and to provide incentives to the Soviets to correct their noncompliance and join us in establishing a meaningful interim framework of mutual restraint.

Timing of the Department of Defense Review. The results of this review will be provided for the President's consideration by November 15, 1985. This will provide sufficient time for the President to consider U.S. options with respect to our policy as we approach the date at which the unratified SALT II Treaty would have expired on December 31, 1985, and subsequent milestones that would occur under a "no undercut" policy. It also provides sufficient time to consider U.S. programmatic options in direct response to instances of uncorrected Soviet noncompliance, as needed, in submitting the FY 1987 defense program to the Congress in early 1986.

Seventh Trident SSBN. To provide adequate time for the Soviets to demonstrate by their actions a commitment to join us in an interim framework of true mutual restraint, the President has also directed that the Department of Defense should plan to deactivate and disassemble according to agreed procedures an existing Poseidon SSBN as the seventh U.S. Ohio-class submarine, the USS *Alaska*, puts to sea later this year. However, as a part of its report, the Department of Defense will review and evaluate the range of options available to the United States for handling similar milestones, including the sea trials of additional Ohio-class submarines and the deployment of the 121st U.S. ALCM [air-launched cruise missile]-carrying heavy bomber, in the future. The United States will keep open all future programmatic options for handling such milestones as they occur. As these later milestones are reached, the President will assess the overall situation and make a final determination of the U.S. course of action on a case-by-case basis in light of the overall situation and Soviet actions in meeting the conditions cited above.

Summary of Why This Course Was Chosen. The President firmly believes that if we are to put the arms reduction process on a firm, lasting foundation, our focus must remain on making best use of the promise provided by the ongoing negotiations in Geneva. The policy

outlined above, involving the establishment of an interim framework for truly mutual restraint and proportionate U.S. response to uncorrected Soviet noncompliance, is specifically designed to go the extra mile in giving the Soviet Union the opportunity to join us in this endeavor. Our hope is that if the Soviets will do so, we will jointly be able to make progress in framing equitable and verifiable agreements involving real reductions in the size of existing nuclear arsenals in

the ongoing Geneva negotiations. Such an achievement would not only provide the best and most permanent constraint on the growth of nuclear arsenals, but it would take a major step in the process of reducing the size of these arsenals and in moving us toward a more secure and stable world.

¹Texts from Weekly Compilation of Presidential Documents of June 17, 1985. ■

SDI and the ABM Treaty

by Paul H. Nitze

Commencement address before the Johns Hopkins School of Advanced International Studies (SAIS) on May 30, 1985. Ambassador Nitze is special adviser to the President and Secretary of State on arms control matters.

Since the end of the Second World War, the focus of American as well as world opinion has tended at any given time to fix on one particular foreign policy issue over all others. In the late 1940s, the issue was Berlin and access to that divided city; in the early 1950s, Korea; in the early years of the 1960s, Cuba; and in the latter half of the 1960s and early 1970s, the issue was, of course, Vietnam.

Today's focal issue is arms control and, in particular, the President's Strategic Defense Initiative (SDI). It is the focus of attention both here and abroad. It is, therefore, appropriate that today I discuss the SDI program and especially its relationship to the 1972 Anti-Ballistic Missile Treaty.

The ABM Treaty

The Anti-Ballistic Missile—or ABM—Treaty resulted from 3 years of difficult negotiation with the Soviet Union during SALT I [strategic arms limitation talks]. One of the principal factors leading to that accord was a conclusion reached in the United States in the late 1960s as a result of an important debate over the merits and feasibility of strategic defense. We concluded that the then-existing technology did not offer the prospect of ballistic missile defenses that could not be overcome—at significantly less cost—by additional offense on the other side.

As a result, we were concerned that deployment of relatively ineffective ABM systems on either side could prompt a proliferation of offensive nuclear forces—an action-reaction cycle that would result in higher levels of offensive arms. Conversely, we felt that agreed limits on ABM systems might make possible reductions in and comprehensive constraints on offensive missile forces. We, thus, were ready to negotiate stringent limits on ABM systems as a step to facilitate comparable constraints on offensive systems.

The ABM Treaty embodies such limits on antiballistic missile systems. It bans a territorial ABM defense and permits the development, testing, and deployment of fixed, ground-based ABM radars, ABM interceptor missiles, and ABM interceptor missile launchers only under very tight constraints. For example, the treaty as amended by its 1974 protocol allows each side one deployment area and the right to deploy no more than 100 fixed interceptor launchers with associated missiles and radars. The development, testing, or deployment of sea-based, air-based, space-based, or mobile land-based ABM systems or of components for such systems are prohibited.

On the whole, I regard the ABM Treaty as a useful and equitable accord. Unfortunately, its value has been eroded over the last 13 years.

A number of Soviet actions since 1972 have been inconsistent with or in outright violation of the provisions of the treaty. I have in mind, among other issues, the construction of a large phased-array ballistic missile tracking radar near Krasnoyarsk in central Siberia, contrary to the treaty's provisions concerning the permitted location and orientation of such radars.

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At the same time, we have been unable to achieve the reductions and limitations with regard to offensive nuclear arms that were envisaged—indeed, on which the ABM Treaty was premised—when the treaty was signed in 1972. As a result, strategic offensive nuclear forces are substantially greater today than they were then.

The Strategic Defense Initiative

Several factors have led to a reappraisal of our attitude toward strategic defense in the United States. The first is the failure of SALT to promote and maintain an equitable and stable balance in offensive nuclear arms. The Soviets have persistently moved ahead in the crucial indices of strategic power.

Since 1972, while generally remaining within the numerical limits on launchers provided by the expired Interim Agreement on offensive arms and the unratified SALT II Treaty, the Soviets have increased the number of warheads on their strategic ballistic missiles by a factor of four. Moreover, they have increased the capability of their missile force to attack hardened military targets by more than tenfold. This poses a serious and destabilizing threat to our retaliatory forces.

The second factor is President Reagan's strong belief that, while deterrence based on the threat of offensive nuclear retaliation must form the basis of our security policy for the foreseeable future, we should not be content to confine ourselves to that in perpetuity. He asked whether it might not be possible to find a way to a brighter goal for the future—one in which deterrence would be based more on the ability to defend rather than to retaliate with predictable and tragic devastation.

The third factor is primarily technological. Great strides have been made in many areas relevant to ballistic missile defense, including advances in sensors, microelectronics, and data processing.

As I noted earlier, we had concluded in the late 1960s that ABM systems could be beaten—at less cost—by additional offense. The sum of the technological advances over the last 15 years is to open a possibility that future strategic defenses can be developed which are not only effective but which are less costly than offsetting increases in offensive capabilities and which, therefore, could justify a reversal of our earlier conclusion.

These three factors led to the President's decision in early 1983 to launch the Strategic Defense Initiative. SDI is a

research program designed to investigate the feasibility of new defense technologies, both earth-based and space-based. It will provide the information and data base necessary for a future Administration to make an informed decision, sometime in the next decade, about whether or not to shift our deterrent posture toward an offense-defense mix placing greater reliance on the latter than at present.

Should SDI prove new defense technologies feasible—that is, survivable and cost-effective—we believe the interests of both the United States and the Soviet Union would be served by moving to a more defense-reliant balance. Survivable and cost-effective strategic defenses could so complicate a potential attacker's planning for a possible first strike that such an attack could not be seriously contemplated.

Looking to the distant future, strategic defenses might provide the means by which we and the Soviets could consider extremely radical reduction—and perhaps the eventual elimination—of nuclear arms.

SDI in the Context of the ABM Treaty

Let me now address the interface between SDI and the ABM Treaty. A conclusion that the Strategic Defense Initiative is *a priori* inconsistent with the ABM Treaty does not reflect the intent and negotiating history of that accord. Having negotiated critical elements of that agreement during SALT I, I feel as qualified as most to comment on this question.

In the first place, as I have said, SDI is a research program. The ABM Treaty contains constraints governing the development, testing, and deployment of ABM systems, but research is not constrained in any way.

The lack of constraints on research resulted from two factors. First, both the United States and the Soviet Union recognized that it would be impossible to devise effective or verifiable limits or bans on research. In fact, it was the Soviet side which during SALT I insisted that research could not be limited. Last January in Geneva, and again earlier this month in Vienna, Soviet Foreign Minister Gromyko acknowledged the difficulty of limiting research.

Additionally, in the negotiations leading to the ABM Treaty, it was clear that neither side considered it desirable to limit research. For all their complaining about SDI, the Soviets for years have had no similar reservations about

the dedication of great effort and resources of their own to research into new defense technologies, including high-energy laser and particle-beam weapons.

Moreover, the ABM Treaty was not meant to be locked in concrete. When we and the Soviets were crafting the agreement, we envisaged a living accord—that is, one that would make allowance for and adapt to future circumstances. This was particularly so, given that the treaty was to be of unlimited duration.

Provisions were developed and incorporated into the treaty that allow for its modification. This was in part due to the fact that the sides, even in 1972, foresaw the possibility of changes in the strategic situation—including the possibility of new defense technologies in the future. Let me elaborate on some of the relevant provisions.

Article XIV gives each party the right to propose amendments to the treaty. Moreover, that same article provides for regular joint reviews of the agreement at 5-year intervals.

Article XIII established the Standing Consultative Commission and gave it a broad mandate to discuss issues related to the treaty. To the public, the primary purpose of that body is discussion and resolution of issues concerning compliance with the obligations assumed by each side in accordance with the treaty. But Article XIII also includes two subparagraphs relevant to the question of change in the treaty.

- One provides that the Standing Consultative Commission will consider and negotiate the amendments to the treaty that either side may propose under Article XIV.

- The second provides that the commission will consider "possible changes in the strategic situation which have a bearing on the provisions of this Treaty." The phrase "possible changes in the strategic situation" is deliberately broad and vague. It permits either party to raise issues related to the U.S.-Soviet strategic relationship that bear on the ABM Treaty. Certainly included among these issues are changes in defense technologies that might reverse some of the basic technological assumptions on which the treaty and the offense-defense relationship were based.

That the possibility of new technologies was foreseen is clear from the language of the treaty. That future types of permitted ABM systems and components were contemplated is obvious from the language of Article II,

which defines ABM systems as "currently consisting of" ABM interceptor missiles, launchers, and radars.

The fact that the possibility of future systems was foreseen in 1972 is also clear from the language of agreed statement D, which acknowledges the possibility that new ABM systems based "on other physical principles" might be created in the future and provides for consultations with a view to possible amendment of the treaty constraints on such systems prior to their deployment.

In sum, the ABM Treaty allows each party to engage freely in research. The treaty's drafters also anticipated that certain types of new ABM systems might be created. And the treaty makes provision for possible changes and provides the mechanism by which such changes would be negotiated and agreed. The treaty was intended to be adaptable to new circumstances, not to lock the United States and Soviet Union into a strategic relationship that might be less stable and less desirable than other possibilities that might emerge in the future.

From this viewpoint, the research program being carried out by the Soviets is not inconsistent with the treaty, nor is the Strategic Defense Initiative. The treaty allows for such programs and for possible amendment if either side's research should indicate that defenses could usefully be incorporated into the strategic balance.

U.S. Intentions Regarding SDI

Should new defense technologies prove feasible—something we will not know for some years—it is the intention of the United States to proceed in accordance with the procedures agreed in the ABM Treaty. President Reagan has made clear that we intend to comply fully with that agreement and that any future decision regarding the deployment of defenses against ballistic missiles not permitted by the ABM Treaty would be a matter for consultation and, where appropriate, negotiation with the Soviet Union under the terms of the treaty.

This does not imply a Soviet veto over our defense programs; rather, our commitment to negotiation reflects a recognition that, should new defenses be feasible and offer the potential of making a contribution to stability, we and the Soviets should move forward jointly in an agreed manner.

To lay the foundation for such an approach, we have offered, even now, to discuss with the Soviets in Geneva the implications of new defense technologies

for strategic stability and arms control. We made this offer in the first round of the Geneva negotiations on nuclear and space arms; we will be pursuing it in the second round, which began today.

We urge the Soviets to cease bluntly rejecting this offer and, instead, to take us up on it. Were they to do so, it would provide the opportunity to hold the first detailed exchange on the offense-defense relationship since 1972. That should be most useful to both sides.

In sum, we have set ourselves a goal with the SDI research program—to determine the feasibility of possible new defenses. But we intend to pursue that goal within the treaty regime agreed to by the United States and the Soviet Union in 1972. And toward that end, we are ready to talk with the Soviets now about the program, its aims, and its implications.

Conclusion

In closing, let me return to a grand generality appropriate for this occasion. As you leave SAIS, you will be moving on to new goals and new aims. I might

offer a thought and an illustration about objectives. The mere formulation of a goal can have immense and constructive consequences.

In 1947, Secretary of State George Marshall, in three paragraphs of a Harvard commencement address, set forth the concept for what became known as the Marshall Plan for the economic recovery of Europe. At the time, however, no such plan existed.

The press gave the speech little coverage, but the Secretary had set a goal, and someone had to see about fulfilling it. A few of us at the State Department were asked to develop a concrete and workable plan from his concept. We did so. As it turned out, the Marshall Plan proved to be a tremendous success story in the reconstruction of postwar Europe.

So, as you move into the outside world, I encourage you to set lofty goals, even if you do not have a precise idea as to how to achieve them. You may well surprise yourselves by what you, in fact, manage to accomplish. Again, congratulations and all best wishes. ■

CDE Measures to Reduce Tension in Europe

by James E. Goodby

Address before the American Association for the Advancement of Science in Los Angeles on May 30, 1985. Ambassador Goodby is head of the U.S. delegation to the Conference on Confidence- and Security-Building Measures and Disarmament in Europe (CDE).

It will hardly surprise anyone to hear that since the revival of disarmament negotiations in the aftermath of World War II, most of the efforts of the negotiators have been aimed primarily at limitations or reductions in weapons or armed forces. The shift in the early 1960s from the concept of "disarmament" to that of "arms control" did not basically affect this focus or alter the public's expectations that the essential purpose of arms control negotiations is to limit the physical means of waging war. The Soviet-American nuclear and space talks resuming today in Geneva represent arms control in this "classical" mode: an attempt to reduce the

capabilities for waging war by reducing the levels of nuclear weapons in a manner which enhances strategic stability.

Risk-Reduction Techniques

But the great powers today face a second requirement, as important as arms reductions and at least as imperative. It is to prevent situations in which the use or threat of use of military force could escalate to the nuclear level, to the kind of war which, as President Reagan has put it, "cannot be won and must never be fought." Obviously, the essence of deterrent theory is to maintain the types and levels of ready forces necessary to forestall that kind of war. Equally obvious, armed forces and their weapons are created and controlled, at least in the United States and presumably in other countries too, with the idea of being used only if other instruments of national policy fail, and then only as directed by national authorities. A vast amount of statecraft and of diplomatic energy is devoted to the task of avoiding the use of force. Yet there remain,

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despite all this, the elements of chance, of ignorance, of suspicion, and of error, all of which could lead to the war that no one wants.

Out of this realization, the idea was born that international negotiations and agreements should also deal specifically with the problem of preventing wars which might result from misunderstanding, miscalculation, or even accidents. This second, and complementary, track for arms control efforts deals with a most elusive problem—with that residue of uncertainty and risk that must always remain even after governments have insured against the foreseeable and installed the ultimate precaution. Even the vocabulary of this second track reflects the almost undefinable nature of its task: “confidence-building,” “security-building,” “stabilizing,” “risk-reducing” are just a few of the often unrevealing phrases used to identify programs or policies designed to deal with the problem of war by inadvertence.

President Reagan frequently has discussed this second track for arms control in his public remarks. At Berlin in June 1982, he said that “other measures might be negotiated between the United States and the Soviet Union to reinforce the peace and help reduce the possibility of a nuclear conflict. These include measures to enhance mutual confidence and to improve communication both in time of peace and in a crisis.”

In a major speech on U.S.-Soviet relations on January 16, 1984, the President said, “We seek to reduce nuclear arsenals and to reduce the chances for dangerous misunderstanding and miscalculation.” After describing several proposals, he concluded by noting that “we are working with our allies to develop practical, meaningful ways to reduce the uncertainty and potential for misinterpretation surrounding military activities and to diminish the risk of surprise attack.”

At the United Nations, in September 1984, he spoke of “a fresh approach to reducing international tensions” and held that the “arms competition . . . can be channeled in more stabilizing directions and eventually be eliminated, if those political suspicions and anxieties are addressed as well.”

And at Strasbourg, on May 8, 1985, President Reagan proposed certain steps aimed at “reducing the chances of misunderstanding and misinterpretation”; he spoke of preventing “even larger tragedies from occurring through lack of contact and communication.”

Despite this record of consistent top-level preoccupation with reducing the risk of war by misunderstanding or misinterpretation, public awareness of and support for efforts in this area have been limited. The attention of the academic community to this problem has been sporadic. Perhaps this is changing. A recent article in *Newsweek*, speaking of President Reagan's Strasbourg proposals, said “for now they offer a better chance to reduce the risks of nuclear war than either Geneva or a summit.”

Several factors have combined to make “confidence-building” more topical and the outlook for such negotiations more interesting. One of these is the advent of the Stockholm conference, a 35-nation negotiation dealing specifically with the possibility of instituting an array of confidence-building measures in Europe. Another factor is that the promise of “classical” arms control negotiations is still unfulfilled; there is a growing opinion that additional means of contributing to a stable equilibrium must be found. Technological developments also are making arms control much more complex and the negotiations more prolonged. And, in the meantime, the existence in steadily increasing numbers of rapidly deliverable, highly accurate weapons—both nuclear and conventional—underscores the urgency of doing everything possible to assure continuing control over these destructive forces by rational human beings.

This second track should prompt neither exaggerated hopes nor malign neglect but a better understanding of the ideas and proposals in this little-known field is in order. The beginning of wisdom is to accept that these attempts to deal with the uncertainties and the risks of international security relationships complement but cannot replace efforts to deal with weapons systems. These are risk-reduction, not arms-reduction techniques. They specifically do not deal directly with the growing numbers of nuclear weapons and cannot be considered a substitute for efforts to reduce that danger.

But neither do arms-reduction proposals themselves address some of the most likely proximate causes of war—misperceptions or miscalculations about certain kinds of military operations which might be seen as imminent threats and which might, particularly in a deep crisis, evoke a response on that assumption. The possibility of such incidents, as much as the existence of nuclear weapons, holds the potential for confrontation and for armed conflict. In

fact, it would be incongruous to work toward the elimination of nuclear weapons, as both the American and Soviet Governments have agreed to do, and not work to eliminate the proximate origins of a conventional conflict which could well be a prelude to nuclear war.

One function of arms control arrangements, therefore, should be to assist governments in their efforts to maintain or restore political and military stability among states in normal times, in times of increased international tension, and in times of crisis. This task is basic to preventing the use of force, including nuclear force. Richard Smoke and William Ury of Harvard University's nuclear negotiation project reflected a widely-held view when they wrote: “Perhaps the most likely path to nuclear war today is through a crisis that escalates out of control because of miscalculation, miscommunication, or accident.” And Johan Jorgen Holst, of the Norwegian Institute of International Affairs, summed up the matter nicely when he suggested that “we should look at confidence-building measures as management instruments designed to reduce the pressures from arms on the process of politics during peacetime and on decision-making in crisis and war.”

Confidence-Building Measures

As a field for analysis, both by scholars and by governments, the subject of risk-reduction is not well delineated and the literature on the subject is relatively sparse. Nevertheless, we can recognize certain qualities or characteristics which could be said to define the essentials of measures designed to reduce the risk of unwanted war. Generally, such measures are called “confidence-building measures” by the practitioners, and I shall use that term henceforward, although “stabilizing” or “risk-reducing” may be more to the point.

Confidence-building measures deal primarily with the operations of military forces, not their capabilities. Such measures generally share the goal of increasing mutual comprehension by exchanging, or providing a framework for exchanging, some kind of information about the nature of military operations. The premise is that uncertainties about the nature of such operations or about the intentions of the parties involved hold the seeds for crisis. In this reference to the possibility of “crisis” lies another characteristic of confidence-building measures: traditional arms control negotiations typically try to establish long-term stability by providing

greater predictability about types and levels of strategic forces over a given span of time. Confidence-building measures, on the other hand, have as one of their goals the promotion of short-term stability during periods of intense and possibly turbulent international confrontation.

But these measures also should have a direct, visible, and positive effect on the strengthening of international stability and security during "normal" times. Confidence-building measures should oblige nations to act customarily, during normal times, in a way which would serve to eliminate causes of tension and reduce the dangers of misunderstanding or miscalculation. Thus, a regime of confidence-building measures should contain specific obligations, for example, requiring tangible proofs of the peaceful intent of military operations which could be perceived by others to be threatening. The paradox here is that even in the absence of confidence, such a program of confidence-building measures assumes that the states involved desire to avoid conflict and that they will, therefore, honor procedures which will enable them to maintain or restore stability. But this assumption may not hold eternally, and since confidence-building measures cannot prevent acts of willful aggression, it is absolutely essential to build into them verification and other techniques to guard against deception and to raise the alarm against any country which violated an agreement.

Current Verification Methods

The post-World War II period provides examples of confidence-building measures which share the characteristics I have mentioned. The 1963 "Hot Line" Agreement between the United States and the Soviet Union is perhaps the best known. This arrangement is relatively simple; a dedicated teletype link between Washington and Moscow. The purpose is to maintain a reliable channel for communication between the political leadership of the two countries to assist them in avoiding misunderstandings and in defusing potentially dangerous incidents or developments. The "Hot Line" has proved its utility in the past, for example, during the 1973 Middle East war. It is now being upgraded by adding high-speed facsimile capabilities.

The U.S.-Soviet Accidents Measures Agreement of 1971 contains, *inter alia*, the very important provision that the parties will notify each other immediately in the event of an accidental,

unauthorized, or unexplained incident involving possible detonation of a nuclear weapon.

A provision of the SALT II [strategic arms limitation talks] agreement requires advance notification of all multiple ICBM [intercontinental ballistic missile] launches or of single ICBM launches planned to extend beyond the national territory of the launching side. In the START [strategic arms reduction talks] negotiations, the United States proposed to expand this measure to require notice of all ICBM launches and also of launches of sea-launched ballistic missiles (SLBM).

The 1972 Incidents at Sea Agreement defines a whole set of "rules of the road": norms of behavior for American and Soviet naval units operating in proximity to each other on the high seas. The agreement has led to a marked decrease in potentially dangerous naval encounters between the United States and the Soviet Union.

Each of these agreements continues to receive a positive evaluation from the United States and the Soviet Union and is being faithfully implemented. The agenda for further Soviet-American bilateral negotiations on confidence-building measures is a rich one. The President has made proposals in speeches in the United Nations last September and at Strasbourg this month. Proposals are on the table in the nuclear negotiations in Geneva. There should be enough mutuality of interest to justify active negotiations and some agreements.

Stockholm Conference

I turn now to an example of a regional, multilateral experiment in confidence-building measures, the Conference on Confidence- and Security-Building Measures and Disarmament in Europe (CDE) or, more simply, the Stockholm conference. As part of the "Helsinki process" of developing cooperation and enhancing security in Europe, the 33 European participants plus the United States and Canada are seeking in the Stockholm conference to extend the concept of confidence-building measures to a wide range of ground force and related air and naval activities throughout the Continent of Europe. But it is essential that the conference be seen in its full dimensions—it is a political, as well as a military conference. Johan Jurgen Holst also has highlighted this point by writing that "confidence-building measures should be viewed as elements in a process for

peaceful change of the post-war political order in Europe towards a more open, equitable, and cooperative order." Indeed, the political and strategic implications of confidence-building measures in the European context are of paramount importance.

The Stockholm conference is addressing issues which could have a major impact on the present system of European security. Alternative, and clearly antithetical, visions of Europe underlie much of the discussion. For the majority of participants, Stockholm offers a unique opportunity to achieve something which is not being tackled elsewhere: to create a network of cooperative arrangements that will cross the barriers that divide Europe and operate in the interests of peace and stability. Even modest progress toward this end would be significant. In Europe today there exists the greatest concentration of military force on Earth. Whatever the success of other negotiations in reducing the levels of arms, the Continent will remain for a long time the locus of vast destructive potential and of contending political and strategic interests. Although governments must work to reduce military force levels, it is equally important that they work to make it less likely that a situation could arise in Europe in which misperceptions or misjudgments could lead to crisis and disastrous conflict.

Observers at Military Maneuvers

After a year and a half of debate in Stockholm, it appears that the framework for cooperation which may be acceptable, finally, to all the participants would be one that significantly improved upon that which was developed in a rudimentary form 10 years ago in the Helsinki Final Act of 1975. In that accord, the 35 nations of NATO, the Warsaw Pact, and the neutral and nonaligned countries of Europe began the process of cooperating to remove uncertainties about certain limited categories of military activities. The Helsinki Final Act required the 35 states participating in the program to announce major military maneuvers, involving more than 25,000 troops, 21 days in advance. The states were also asked to invite others, on a voluntary basis, to send observers to the maneuvers.

The 35 participants now have considerable experience with the Helsinki confidence-building measures. By 1984 nearly 100 military maneuvers involving nearly 2 million troops had been notified

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under the act. But implementation has been uneven. The Warsaw Pact has not been very forthcoming, especially in meeting the voluntary provision for invitation of observers. Up to 1984, the members of the Warsaw Pact had invited observers to only eight of 17 notified maneuvers, with no American observers being invited after 1979. In contrast, in the same period, the NATO countries invited observers to 19 of 22 major activities. There also have been important instances in which the Soviet Union has not notified fully and properly all the activities which the parameters of the Final Act require.

It is necessary to ask whether the Helsinki confidence-building measures have been effective in increasing stability in Europe and in contributing to confidence among states. Realistically, the record is not very impressive. The measures are far too limited to provide the kind of comprehensive knowledge necessary to create assurances about the entire military situation on a continent. To create real assurance, the range of activities captured must be broad enough to create a comprehensive pattern of all significant military activities planned or going on in the area. The

Helsinki measures also lack adequate verification provisions. The provision for observers at military maneuvers is voluntary. Furthermore, there is no provision at all for clarifying situations in which one state suspects that an activity should have been notified but was not. And the amount of information required is inadequate for reliable determination of the scope and purpose of the military exercise.

In spite of weaknesses, however, the Helsinki confidence-building measures have been an important experiment in arms control. They have legitimized the concept of openness and cooperation among states, even on sensitive security issues, as a desirable way to improve relations and maintain peace. They have created certain minimal standards of expected behavior. After 10 years of experience with the Helsinki measures, the issue is no longer whether regional confidence-building measures in Europe are desirable but whether they can be made more effective. Now it is the turn of the Stockholm conference further to develop the concept and practice of confidence-building measures. The Stockholm conference should help to determine the future of this form of

arms control in terms of its political acceptability to various states, East and West, as well as in terms of its practical effectiveness.

Negotiating New Stabilizing Measures

The instructions for the Stockholm conference, negotiated over 3-year period among the 35 participants, are quite clear. The conference is to negotiate "new, effective and concrete actions designed to make progress in strengthening confidence and security . . . so as to give effect and expression to the duty of states to refrain from the threat or use of force in their mutual relations." The conference "will be devoted to the negotiation and adoption of a set of mutually complementary confidence- and security-building measures designed to reduce the risk of military confrontation in Europe." In contrast to the Helsinki accords, which limited coverage of the Soviet Union to a strip of territory 250 kilometers along its western frontier, the mandate for Stockholm calls for coverage of the whole of Europe, that is, up to the Ural Mountains.

The translation of these instructions into practical measures applicable to the everyday world of military affairs has led to some sharp differences among the participants. For example, the Soviet Union and its allies have proposed agreements regarding non-first use of nuclear weapons, nuclear-free zones, a chemical weapons ban in Europe, and a freeze and reduction in military budgets. Most delegations believe that these proposals are not consistent with the agreed mandate or not suitable for this particular conference or, quite simply, unacceptable for a variety of national security reasons. The members of the Atlantic alliance, on the other hand, have proposed a set of six measures which they believe are compatible with the mandate for the conference, would have a substantial impact on military behavior, and would provide a testing ground and a foundation for even more ambitious confidence-building measures in the future. Similar ideas have been proposed by the neutral or nonaligned countries and some roughly analogous ideas also have been advanced by the Warsaw Pact countries.

The proposals, which the United States has joined its allies in advancing, call for:

- An exchange of information about the structure of forces on the Continent;
- An exchange of annual forecasts of military exercises planned for the coming year;

MBFR Talks Reconvene

WHITE HOUSE STATEMENT, MAY 21, 1985¹

Today the President met with Ambassador Robert Blackwill, who will serve as the new U.S. Representative to the mutual and balanced force reductions (MBFR) talks in Vienna, which reconvene this week. The U.S. delegation in Vienna together with those of our NATO allies are seeking to reach an equitable and verifiable agreement with the Warsaw Pact on the reduction to equal levels of conventional force manpower in central Europe. Such an agreement would enhance stability and security, reduce the risk of war, and promote mutual confidence in Europe. The President expressed his continuing interest in and support for efforts in the MBFR negotiations.

Ambassador Blackwill's work in Vienna will go hand in hand with U.S. participation in other negotiations that seek to promote security and stability. In Geneva, the United States next week will return for a second round of negotiations with the Soviet Union on

nuclear and space arms in an effort to enhance stability and eliminate entirely the risk of nuclear war. Also in Geneva, the United States has submitted to the 40-nation Disarmament Conference a draft treaty for the complete and verifiable prohibition of chemical weapons. And in Stockholm at the Conference on Confidence- and Security-Building Measures and Disarmament in Europe (CDE), the NATO alliance is actively seeking agreement on concrete measures to reduce the risks of surprise attack in Europe.

The President urged Ambassador Blackwill, together with his Western colleagues in Vienna, to probe for all possible areas of agreement in order to achieve concrete results, noting that if the Soviet Union and its partners show a similar degree of willingness to find mutually acceptable solutions to the difficult issues on the table, progress in MBFR will be possible.

¹Text from Weekly Compilation of Presidential Documents of May 27, 1985. ■

- A more detailed notification of specific exercises 45 days in advance;
- Mandatory invitation of observers to all notifiable activities;
- Verification and compliance; and
- Development of improved means of communication.

Compared with the Helsinki confidence-building measures, these measures are much broader in scope, covering a greater range and variety of activities. In comparison with the notification procedures of the Helsinki Final Act, for example, the new allied proposals would require notification of military activities such as alerts, mobilizations, and amphibious activities. And they would lower the threshold for notification significantly below that required in the Helsinki Final Act. The allies also seek to improve the verifiability of notification procedures. Thus, the focus is on the specific military units that would carry out actual combat operations, that is, on army divisions, not just on manpower levels, as at present. And instead of describing all of the possible manifestations of military activities—maneuvers, movements, etc.—the allies propose simply to notify activities of units which are “out-of-garrison.”

The exchange of annual forecasts of notifiable activities proposed by the allies would provide all participants with a clear picture at the beginning of the year of all of the militarily significant activities expected to take place on the Continent during that year, as opposed to learning about such activities one at a time just shortly before they occur, as at present. This would reveal trends and patterns before, rather than after, the fact and raise the political cost of the sudden, surprise announcement of a maneuver designed to intimidate a neighbor.

In contrast to the current Helsinki provisions for inviting observers to military activities on a voluntary basis, the allies want to ensure that participants in a new accord are guaranteed the right to have observers at all notifiable military activities. Furthermore, all the participants in the Stockholm conference agree that verification is essential in any new agreement and that each confidence-building measure must be provided with the means of confirming that it is being rigorously applied. An annual exchange of military information is particularly necessary for effective verification: The information so exchanged would form the basis for judging what was normal

and routine and would thus be the necessary undergirding for the operation of all other measures. The allies also have called for independent, on-site inspection to enable participating states, not many of which have independent verification capabilities, to satisfy themselves that all military activities are being properly notified. On-site inspection would provide all the nations with what should be a welcome opportunity to obtain, and to give, reassurance as to the nonthreatening nature of military activities, especially in times of tension.

Under the plan proposed by the allies, any country, by breaking with the announced pattern, would be sounding an alarm, warning others that a threat to the security of Europe might be in the offing, and permitting steps to be taken to cope with the situation. This early, clear warning of a potential threat could be especially important for the democracies, which need time for the political decisions necessary to initiate a military defense against a threat.

In comparison with their potential impact, the allied proposals demand little of the governments which would implement them. In most cases, and especially for the larger countries, the cooperative act of “de-mystifying” routine military activities would be more important than the specific information exchanged.

The allies have offered these improvements in the Helsinki confidence-building measures for the purpose of negotiating a militarily significant agreement. And the discussions in the conference are focusing increasingly on serious security issues related to concrete confidence-building measures. The issues in the Stockholm conference are quite complex, however, even within the field of notification of military activities, and will not be resolved easily. For example, the Soviets would like to have air and naval movements notified independent of land force activities, despite the mandate's clear instructions that the former would be covered only to the extent that they are functionally related to the latter. The Soviets also have objected to the “out-of-garrison” concept and the idea of a structural, or army division, threshold for notification. In short, a lot of difficult, detailed negotiations lie ahead, and the outcome is still in doubt.

In particular, the negotiations have not proceeded to the point where it is possible to judge whether the Soviet Union is prepared to make the commitments to cooperation and openness necessary for a truly significant agree-

ment. The case for confidence-building measures has never been fully embraced by the Soviet Union, despite Soviet agreement to a number of measures of this type in the past. The obvious reason for its reluctance is that confidence-building measures involve varying degrees of openness and even cooperation in military matters—tender plants that do not find fertile soil for vigorous growth in the context of centuries of Russian tradition. The factors which argue ever more pressingly for cooperative arrangements to reduce the risk of the war, however, should finally be persuasive in the Soviet Union as elsewhere. On balance, I believe that for these and other, more political reasons, the prospects for Stockholm are fairly good.

Conclusion

With the return of the Soviet Union to the bilateral Soviet-American negotiating table in Geneva, negotiations are again proceeding across the spectrum of arms control. In terms of potential short-term results, confidence-building measures may well be the most promising arms control enterprise of all. In the long term, confidence-building measures should play a key role in enhancing stability and security in the world.

Confidence-building measures can achieve many of the same goals as the better-known areas of arms control—enhanced stability, greater security, and a basis for a more civilized relationship among the nations of the world. What is needed most of all in this under-rated area is a concerted effort over a long period of time, using all the ingenuity we can muster to design and build a realistic, workable structure of stabilizing, risk-reducing arrangements. ■

Visit of Korean President Chun



(White House photo by Terry Arthur)

President Chun Doo Hwan of the Republic of Korea made an official working visit to Washington, D.C., April 25-27, 1985, to meet with President Reagan and other government officials.

Following are remarks made by Presidents Reagan and Chun after their meeting on April 26.¹

President Reagan

President Chun was the first head of state to visit during my Presidency. And it was my pleasure to meet with him again today for a useful discussion of international and bilateral issues.

The ties linking the Republic of Korea and the United States are many and strong. Our security ties, which I reaffirm today, remain a linchpin of peace in northeast Asia.

I vividly recall standing at the Korean demilitarized zone [DMZ] 17 months ago. Perhaps nowhere in the world is the contrast between our shared democratic values and communism clearer than it is there on the DMZ. And nowhere is it clearer that strength is the surest path to peace.

In reference to his country's security, President Chun and I shared concern about the continuing forward deployment of North Korean forces toward the demilitarized zone. We agreed that this deployment heightens the need for vigilance on our part.

The two Koreas today stand apart. But this may not always be so, and we pray it will not be. I expressed support to President Chun for the Republic of Korea's creative approach in engaging North Korea in direct talks. We share the conviction that the key to reducing tension lies in a direct dialogue between the parties.

The Republic of Korea is a growing economic power, and President Chun

and I discussed the contribution that economic development makes to stability and security on the Korean Peninsula.

President Chun and I agreed on the need to defend and expand the free market in our own relationship, and multilaterally. I expressed appreciation for the steps Korea has already taken in this regard, and we agreed to intensify the close consultations between our governments.

President Chun explained the steps his government has taken to further promote freedom and democracy. I welcomed the considerable progress that has already been made and expressed continuing support for such steps, which are contributing to the attainment of political progress. I reiterated our support for President Chun's commitment to a peaceful transfer of power at the end of his term in 1988.

President Chun also discussed another event of momentous importance, which is coming to Korea in 1988, the Seoul Olympics. I expressed our complete support for Seoul as the Olympic site and offered to share our experience from the 1984 Olympics to help make it the best ever.

The United States and Korea enjoy an especially warm relationship, and that was reflected in our talks today. We agreed that in addition to the annual U.S.-Korean security consultative meeting, the two governments should intensify their consultations on political matters in northeast Asia.

The President and Mrs. Chun will be stopping in Hawaii on their way back to Korea. Nancy and I wish them a safe and a pleasant journey home. And we send with them the greetings of all of us to our friends, the Korean people.

President Chun²

Mr. President, I deeply appreciated the opportunity today to discuss with you matters of significance to our two countries. First let me say that the reaffirmation by the President of the United States of the importance of continued endeavors to further develop and strengthen the existing ties between Korea and the United States will be wholeheartedly welcomed by the people of the Republic of Korea. It is my great pleasure to convey to the great people of the United States of America the expression of unswerving friendship of the Korean people along with my own, and I transmit their high respect to you for

your excellency, President Reagan, as the leader of the free world.

I'm satisfied with the results of the very good talks that I had with you today. The talks demonstrate the solid foundation on which the traditional strong ties between our two countries rest. We pledge our continued effort to further consolidate the partnership between our two countries. We face the year 2000 with a sure feeling of confidence and hope.

President Reagan and I have shared the understanding of the present situation on the Korean Peninsula. I am convinced that the firm determination of the United States, in close cooperation with Korea, will resolutely cope with any military adventurism or terrorist attacks of North Korea against the peace of this region and that such efforts will greatly contribute to peace and stability of our region.

The next few years will be a crucial period for the prevention of another war on the Korean Peninsula and to establish a permanent peace on the Korean Peninsula. It is most reassuring therefore that the President of the United States has reaffirmed the firm commitment of the United States to the defense of Korea.

We also shared views that the endeavor to resolve the Korean question through direct dialogue between South and North Korea are more important now than ever before. At the same time we exchanged views on a wide range of diplomatic cooperation with a view to maintaining and strengthening peace on the Korean Peninsula. The Korean Government is making, in good faith, efforts through direct dialogue to do something about the antagonism and mutual distrust that have been allowed to accumulate over the years. We must ultimately achieve peaceful reunification of the divided land through democratic means. I believe that the cooperation of our friends, as well as other countries concerned, is of importance to the success of such peace efforts. In this connection, Mr. President, I appreciate your understanding and support for the efforts aimed at stability and peace of Korea and the region.

President Reagan and I also agreed that the expansion of trade, based on the principles of free trade, is important to the development of the world economy and that we will continue to strengthen our efforts to this end. Recognizing the steady increase of bilateral economic exchange, including trade, would contribute to the interest and common prosperity of both Korea and the United States. President

Strengthening the Open Multilateral Trading System

by W. Allen Wallis

Address before the Conference on World Economy and Peace in Seattle, Washington, on May 18, 1985. Mr. Wallis is Under Secretary for Economic Affairs.

It is a pleasure to address this Conference on World Economy and Peace. I have recently returned from Europe, where President Reagan's visit underscored both these themes. First, at the Bonn economic summit, the President discussed with other leaders ways of improving the performance of the world economy. On his state visits to Germany, Spain, and Portugal, the President commemorated 40 years of peace and reconciliation.

It is well worth examining why the four decades since the end of World War II have been so good to the Western world. Fundamentally, I believe we owe this achievement to a shared faith in economic and political freedom, private enterprise, democracy, and the rule of law. At the Bonn economic summit meeting, President Reagan and his counterparts from the other major industrial democracies reaffirmed their commitment to these values. Each summit leader agreed to six common principles for national policies designed to foster economic growth and rising employment. They said:

- We will consolidate and enhance the progress made in bringing down inflation.
- We will follow prudent, and where necessary strengthened monetary and budgetary policies with a view to stable prices, lower interest rates and more productive investment. Each of our countries will exercise firm control over public spending in order to reduce budget deficits, when excessive and, where necessary, the share of public spending in Gross National Product.
- We will work to remove obstacles to growth and encourage initiative and enterprise so as to release the creative energies of our peoples, while maintaining appropriate social policies for those in need.
- We will promote greater adaptability and responsiveness in all markets, particularly the labour market.
- We will encourage training to improve occupational skills, particularly for the young.
- We will exploit to the full the opportunities for prosperity and the creation of permanent jobs, provided by economic change and technological progress.

Reagan and I have pledged our efforts to further enhance the economic partnership between our two countries. In particular, we discussed ways to achieve a balanced expansion of our bilateral trade and to strengthen mutual cooperation in the fields of energy, technology, and joint ventures in third countries. We agreed to further develop the framework for economic consultation between our two countries, including the annual Korea-U.S. economic consultations. In this regard, I stress that sustained growth of the Korean economy is essential to the security of the Korean Peninsula and thus to the stability of north-east Asia. President Reagan also shares this view.

In addition, the President and I agreed to further promote bilateral exchanges in many areas, including social, cultural, educational, and sports fields, with a view to establishing a solid foundation for a deepened mutual understanding and friendship between our two countries.

Korea continues its efforts to build an open society on the basis of stability as we march toward a bright future of a democratic society with greater benefits for all, ensuring abundance and freedom for all citizens. Based on such development, Korea will be able to make evermore valuable contributions to the stability and prosperity of northeast Asia and to further strengthen regional cooperation among the Pacific rim countries.

At this particular juncture, the talks which I had today with President Reagan have indeed been most significant and timely.

Before closing my remarks, I would like to express my greatest respect and continued support for the unwavering and dedicated efforts of President Reagan to safeguard world peace and promote democracy everywhere. I wish to extend my sincere appreciation to His Excellency Ronald Reagan and Mrs. Reagan for the warm hospitality that has been accorded to us. I thank you very much indeed.

¹Made at the South Portico of the White House (text from Weekly Compilation of Presidential Documents of Apr. 29, 1985).

²President Chun spoke in Korean, and his remarks were translated by an interpreter. ■

While each nation bears responsibility for putting its own house in order, summit leaders recognized that some problems, particularly trade, require concerted action. In this regard, they noted that: "Protectionism does not solve problems; it creates them." They called for "new initiatives for strengthening the open multilateral trading system." And they strongly endorsed the idea that "a new GATT [General Agreement on Tariffs and Trade] round should begin as soon as possible." They added that "most of us think that this should be in 1986."

As the President's personal representative for the economic summit, I was privileged to observe the strong push he personally gave to obtain firm commitments from our partners to begin a new round of trade negotiations. It was disappointing that France alone among summit nations objected to a firm commitment to a 1986 announcement of negotiations. Nevertheless, it is noteworthy that all participants (including France) agreed that the task is urgent and we must begin preparations this summer.

It is important that the general public, in this country and abroad, understand its stake in the early commencement and ultimate success of this new round of comprehensive trade liberalization.

There are some in each country who fear that the economic advances of other nations must come at their expense. The fact is that all nations gain from freer trade. Through trade, each nation can avail itself of the fruits of increased productivity and output in other countries. In the last 40 years, the real income of the average American increased threefold. Europe and Japan have rebuilt their economies and have become our dynamic economic partners. Developing countries have also emerged as active participants in the world economy. None could ever have achieved the prosperity they now enjoy were it not for expanded opportunities to trade and invest internationally.

Unfortunately, the open trading system, which is so indispensable to our prosperity, has come under increasing strain. In an effort to resist change rather than adapt to it, the European nations have resorted to trade-distorting measures—for example, restrictions on

imports and subsidies on exports—that hinder both their own growth and the growth of other countries. This may explain, in part, the resistance France has shown toward launching trade negotiations.

Europe is not alone. Despite significant progress achieved as a result of initiatives launched by President Reagan and Prime Minister Nakasone, Japan's domestic market is open only to a limited extent for competitive foreign products. Furthermore, many developing countries have sought to enjoy the benefits of the world trading system without accepting commensurate responsibilities.

The United States itself is not blameless. Painful structural adjustments in the U.S. economy have caused many here to question whether free trade principles are still relevant. To address those doubts, I propose to review some basic trade principles: division of labor and comparative advantage.

Trade as the Dynamic Force of Economic Progress

In the same year that Thomas Jefferson wrote the Declaration of Independence, Adam Smith published *The Wealth of Nations*. Smith explained how the British economy was achieving increased productivity through the division of labor. In Smith's famous pin factory, each worker became specialized in a specific facet of the production process and, as a result, the factory achieved far greater output than would have been possible if each worker had tried to make a pin from start to finish. Since then, the process of division of labor has been continuing apace. The modern economy is characterized by a high and ever-increasing degree of specialization.

Smith realized that the division of labor was limited by the extent of the market. His pinmakers would not have profited from their enhanced productivity if they had been unable to sell the additional pins they produced. The bigger the market, the greater the scope for increased productivity through further division of labor and specialization. I certainly do not need to explain to residents of Seattle how important access to a worldwide market has been to the development of the highly complex and specialized production processes that are used with such success by the U.S. aeronautics industry. Producers are not the only beneficiaries of this process; or even the principal beneficiaries; consumers are.

A second foundation of economic prosperity is the principle of comparative advantage, first identified by

David Ricardo. Ricardo's key insight was that two countries would gain from trade even if one of them happened to be more efficient in production of everything. His theory of comparative advantage draws attention to the ratio of the costs of two commodities in one country and the corresponding ratio for another country. If those ratios are different, trade will be mutually beneficial. Comparisons of absolute cost—cheap labor, abundant natural resources, availability of capital, etc.—have no bearing as to whether trade is advantageous. Trade based on the principle of comparative advantage increases total world output and consumption beyond levels that would be possible under autarky.

Only free markets can discover comparative advantage. Relative price and cost conditions are constantly shifting, and relevant information is too vast and decentralized for attempts at central control—such as government regulation or industrial policy—to be effective. Only a market system gives firms free play to test new opportunities created by changed circumstances and consumers freedom to register their product preferences through their purchases.

Some, particularly in Europe and in the LDCs [less developed countries], view the free market system in negative terms—as the “law of the jungle,” where for every winner there must be a loser as well. They fail to recognize that a market economy allows the benefits of industry and productivity to be shared through voluntary trade in goods and services. Furthermore, the free market system enhances political liberty by maximizing individual choice and minimizing coercion.

The Truth About National Trade Policy

Some observers who are familiar with the rationale for free trade nonetheless argue that we could obtain even greater gains by using trade restrictions and export subsidies to increase our share of the pie. They neglect, of course, the fact that such gains, if possible at all, could only come at the expense of others. The resulting inefficiencies would cause the pie itself to shrink, leaving the world as a whole worse off. Furthermore, restrictions in one country generally lead to retaliation by others, leading to further damage to the world economy.

The foregoing arguments on economic interdependence are often honored in principle but ignored in practice. For this reason it is important to understand that even from a parochial, nationalistic perspective, protectionism

is bad policy. To illustrate this point I would like to remind you of four fundamental, but too frequently unrecognized, truths about national trade policy.

Employment. A first fundamental truth is that trade policy affects only the composition of employment, not its total level. You can safely dismiss as poppycock any article or analysis that states that a certain trade restriction will “save” a certain number of American jobs. Such restrictions do not save jobs but simply divert employment from our most dynamic industries to less productive sectors.

The European experience is quite instructive. Europe has extended considerable protection to its farmers and, as a consequence, farm production and employment there remain much higher than would be justified by comparative advantage. Do we conclude that Europe has benefited from this protectionism? On the contrary: Europe's agricultural protection has not saved jobs in the aggregate. Rather, this policy has simply squandered scarce capital and labor at the expense of potentially more efficient sectors of the European economy. As a result of this and other misguided trade and labor-market policy measures, overall employment in Europe has not grown at all over the last 15 years, while employment in the United States has increased by 27 million jobs. The same goes for trade restrictions in the United States. Any jobs that may actually be saved by protectionist policies are more than offset by lost employment opportunities elsewhere.

It is equally true, of course, that government measures that artificially stimulate exports do not create jobs. Export subsidies, like import restrictions, shift resources to less efficient uses. It is for this reason that the Administration has made intensive efforts to impose international discipline over all kinds of export subsidies, including so-called mixed credits. These credits are blends of export credits and concessional aid credits that countries use to give their firms a competitive edge. In April at the OECD [Organization for Economic Cooperation and Development] ministerial, the major industrial countries achieved a measure of increased cooperation and agreed to seek still tighter discipline by September. We have indicated that if other countries do not cooperate, the United States will “fight fire with fire.”

Balance of Payments. A second fundamental truth is that trade policy does not affect significantly the balance of payments. This statement will un-

doubtedly sound like heresy to those who argue that we should impose trade restrictions to "correct" our current account deficit. The fact is that the balance of payments of any given country is influenced primarily by the balance between its savings and investment. A country such as Japan, which consistently saves more than it can profitably invest at home, will necessarily export capital. This deficit on its capital account will be matched by a surplus in its current account.

To be sure, some trade policy actions may cause shifts in previous saving and investment patterns. For example, a removal of trade barriers in Japan could so lower the cost of consumption and investment goods as to encourage greater expenditure and less savings. In this indirect way, Japan's market-opening actions could cause some reduction in its current account surplus.

For much of our history the United States ran a current account deficit as capital flowed here to take advantage of the investment opportunities inherent in the building of America. After World War II, investment opportunities arose abroad as part of the rebuilding of Japan and Europe; the United States then ran a current account surplus and exported capital to other nations. More recently, the investment incentives introduced by the President's 1981 tax cuts increased returns to investment in the United States, and capital has moved here or stayed here to take advantage of these opportunities. As a result, the United States is now running a large surplus on its capital account and a commensurately large deficit on its current account.

Suppose we tried to reduce this deficit by imposing a 20% surcharge on imports. The best that could happen would be that the surcharge, by artificially reducing demand for imports (and thus for foreign currencies), would cause the dollar to appreciate. Appreciation of the dollar would further reduce the competitiveness of our exports, causing a drop in exports that would more or less match the fall in imports. As a result, there would be no significant change in the balance of payments.

The only plausible circumstances under which an import surcharge could succeed in reducing the current account deficit would be if it so undercut confidence in the American economy that investors decided en masse to place their capital elsewhere. Stated otherwise, a surcharge could improve the current account balance only by destroying the investment boom that has been our

economy's main engine of growth over the past 2 years.

A similar argument holds with regard to the opening of foreign markets. We are making relentless efforts to achieve freer access to foreign markets, particularly in Japan but also in Europe and the LDCs. To the extent we succeed:

- We will achieve equity for our exporters;
- Both we and our trading partners will benefit from the enhanced efficiency brought about by comparative advantage; and
- We may see some improvement in our current account deficit if market opening leads to a better balance between saving and investment both here and abroad.

But we will be disillusioned if we believe that free access to foreign markets will, in and of itself, eliminate our trade deficit. Rather, to achieve greater balance in world trade we must tackle the causes of disparities in the attractiveness of investment. Europe must make itself a more attractive place for investors by removing structural barriers to business activity, employment, and innovation, particularly in its labor markets. Despite its image as a super-efficient economy, Japan is riddled with capital market distortions that discourage investment in many sectors of its economy.

This does not mean that Europe and Japan should "reflate" their economies through artificial monetary or fiscal policy stimulus. Rather, it means they should remove supply side impediments to long-term sustained growth.

Finally, many LDCs are in the throes of adjusting to the debt crisis and putting their economies back on a sound footing. As these countries improve their economic policies, we can expect that the flow of capital into the United States will subside and U.S. residents will start to lend and invest abroad again. As our capital account surplus diminishes, our current account and trade deficit will also shrink.

Protectionism. A third fundamental truth is that protectionism almost invariably causes economic harm to the country that initiates it. As we have seen, trade restrictions do not increase employment or correct trade imbalances. On the whole, restrictions merely cause resources to flow to inefficient sectors of the economy. But even the intended beneficiaries of protection frequently find that their benefits are captured by foreign producers. For example, when

we impose quotas or negotiate voluntary restraint agreements, we constrain supply and cause the domestic price of the restricted good to rise. Foreign producers of steel, automobiles, and textiles have benefited substantially from price increases caused by U.S. restrictions.

Americans will benefit from President Reagan's decision earlier this year not to ask Japan to extend its voluntary restraint of automobile exports to the United States. However, in a step that may be symptomatic of the vested interests that protectionism fosters, Japan's Ministry of International Trade and Industry decided to extend the restraints anyway, albeit at a higher level, even in the absence of a U.S. request.

Trade Disputes. This brings me to a fourth and final truth: trade disputes basically are not conflicts between nations but between interest groups within nations. I will never tire of quoting 19th-century humorist Ambrose Bierce, who defined tariffs as devices to "protect the domestic producer from the greed of his consumers." When we restrict imports, we act not so much against foreign producers but against our own domestic consumers.

Trade restrictions are the result of an organized and vocal few imposing its will on a disorganized and silent majority. Interest groups with a great deal to gain from restricting trade have ample incentive to organize, raise funds, and mount extensive lobbying efforts. Often there is little lobbying on the other side because the typical consumer, taken as an individual, is not hurt so badly by any specific trade measure that it is worth his while to organize to oppose it. It is a sad commentary that none of the so-called consumer advocate organizations has taken a really active and effective stance in favor of free trade.

The politics of protectionism are by no means unique to the United States. There is a tendency in most countries for special interest groups seeking trade restrictions to have influence disproportionate to their numbers. As a result, protectionism tends to proliferate and become entrenched.

Though the victims of protectionism are generally consumers in the country imposing protection, advocates of trade restrictions in all countries justify their actions by pointing to unfair advantages enjoyed by producers in other countries. They demand a "level playing field" but advocate policies that would create it by digging both ourselves and our trading partners deeper into a hole.

The Need for Comprehensive Trade Liberalization

Multinational trade negotiations offer an opportunity to escape from self-defeating protectionism. This is why the Bonn economic summit strongly endorsed urgent preparations for a new round of trade negotiations.

The United States has much to gain from a new round. Our agenda includes:

- Greater discipline over agricultural trade;
- Extension of international rules to include trade in services;
- Better protection of intellectual property; and
- Freer trade in high technology products and associated services.

The United States will also need to consider issues important to other countries. We are open to consideration of any issues which our negotiating partners believe should be on the table, just as we expect them to be willing to discuss our priorities. By the end of July, there will be a high-level meeting to review these questions and to set in motion preparations for the new round. We believe these preparations could be completed within 4-6 months, with the formal launching of negotiations to take place early in 1986.

Trade negotiations are no panacea, nor is free trade itself always a comfortable process. Economic progress requires adaptation to changing circumstances and exploitation of new opportunities. Trade is frequently the agent of change, bringing with it greater prosperity but, at the same time, a certain amount of dislocation and adjustment.

Change is something that Americans, of all people, should welcome, not resist. America is a nation of immigrants who left their homes and families and built a new nation in a strange land. Over the course of our history, America has shown a restless energy, pushing back frontiers of geography, science, and commerce. And, as President Reagan has often said, our greatest days are yet to come.

But this will be true only if we step forward to meet the future. Protectionists would have us cling fearfully to the gains of the past. Through a new push for freer trade we can, rather, open opportunities, not just for ourselves but for peoples around the world. In this way we can hope to make the world economy a secure foundation on which we can build another 40 years of peace and prosperity. ■

North Atlantic Council Meets in Portugal

Secretary Shultz attended the regular semiannual session of the North Atlantic Council ministerial meeting in Portugal on June 6-7. He visited the United Kingdom June 7-8 and met with Prime Minister Margaret Thatcher June 8.

Following are the texts of the Secretary's interview held in Lisbon and news conference in Estoril, Portugal, and the North Atlantic Council final communique.

LISBON, INTERVIEW, JUNE 5, 1985¹

Q. The SDI [Strategic Defense Initiative] is a very expensive project. Do you think that it will prove to be good enough to justify such an expense?

A. The strategic defense research of the President's right now is a research program, and how expensive it would be to actually build such a defense, nobody knows at this point, so you can't tell. However, certain criteria have been set out for the program, if it is genuinely to be useful. And one is that the extra expense that you have from creating a defense be less than the extra expense of adding to your offense to cope with it. So that's one of the criteria.

Q. What happens if the Soviets start building up their nuclear arsenals in order to get through SDI? Wouldn't that have the opposite effect that President Reagan is seeking?

A. Of course, if the program turns out to meet the criteria that I just mentioned, then it would be futile to try to build up offense against a defense that can be constructed much cheaper, but we don't know the answer yet because we're doing the research. But I do want to mention something since you brought up the Soviet program. The Soviets have spent much more on defense than we have; they're much more defense-conscious. They have been not only doing research on the subject but deploying defenses against ballistic missiles for some time. I think, from the standpoint of the West, from the standpoint of our alliance, from the standpoint of Portugal, for us to sit there and not do any research while the Soviets are busily doing it would not be a prudent or responsible thing at all.

Q. The Europeans also fear that due to the fact that the United States is well protected against an attack from the Soviet Union, the Soviets might use Europe as the ground for an attack. Have you taken this danger into consideration?

A. Of course, right now all of us are protected by the capacity the United States has to retaliate and so it's that kind of capacity to destroy each other that provides the deterrents. That has worked, and so it's good for now. On the other hand, if we can construct something that defends against ballistic missiles, it will be just as useful for Europe as for the United States. These missiles go so far that really, if you can defend against them in one place, you can defend them elsewhere as well.

Q. President Mitterrand has proposed a similar project based on European technological and scientific knowledge. What do you think of that program?

A. I won't try to comment on that program. I don't know in detail about it, but to the extent the Europeans wish to mount a program in the area of space, well, that's fine. That's up to individual countries as Europeans to do. Of course, as I understand it, that program is not a program of research against ballistic missiles, it's a differently conceived program.

Q. Portugal is not a very advanced country in the scientific and technological field. How can a country like ours participate in such an advanced program as SDI?

A. The components in this research are variable, and there is expertise around in Portugal, I should think that might very well fit in. And it's also true that when you take part in something as exciting and creative as a program like this that the people involved almost surely learn as they move out into the unknown. I must say, this morning I took time off to visit some of the great sites of Portugal that stand for the Portuguese readiness in times past to be creative, to be enterprising, to explore the unknown, so you have that great tradition, and why not keep it going.

FINAL COMMUNIQUE, JUNE 7, 1985²

The North Atlantic Council met in ministerial session in Lisbon on 6th and 7th June 1985. Ministers agreed as follows:

1. We are a defensive alliance dedicated to the preservation of peace and the protection of freedom.
2. Reaffirming the principles of last year's Washington statement on East-West relations, we remain determined to maintain both our political solidarity and the military strength necessary for our defence. On this basis, we seek genuine detente through constructive dialogue and broad co-operation with the Soviet Union and with each of the countries of Eastern Europe in all areas. We call on the new Soviet leadership to join us in seeking tangible improvements in East-West relations, which would permit us to build on areas of common interest. A positive Soviet response to the U.S. approach at the U.S.-Soviet negotiations recently opened in Geneva would contribute substantially towards that end.
3. We do not seek military superiority for ourselves. None of our weapons will ever be used except in response to attack.
But, faced with the continuing build-up and modernization of Soviet nuclear and conventional arms, we shall preserve credible deterrence through sufficient conventional and nuclear forces. The allies participating in the military structure of the alliance are making an effort to improve, in particular, their conventional capabilities.
Our strategy of deterrence has proved its value in safeguarding peace; it remains fully valid. Its purpose is to prevent war and to enable us to resist intimidation.
4. The security of the North American and European allies is inseparable. The cohesion of the alliance is sustained by continuous consultations on all matters affecting our common interests and security.
5. Deterrence and defence together with arms control and disarmament are integral parts of the security policy of the alliance. We wish to strengthen the peace by establishing a stable military balance at the lowest possible level of forces.
6. In this spirit, we welcome the U.S.-Soviet negotiations in Geneva on their strategic nuclear weapons, on their intermediate range nuclear weapons, and on defence and space systems. These negotiations are intended to work out between the two countries effective agreements aimed at preventing an arms race in space and terminating it on Earth, at limiting and reducing nuclear arms, and at strengthening strategic stability. We strongly support U.S. efforts in all three areas of negotiation, and we call on the Soviet Union to adopt a positive approach.
The allies concerned reiterate their willingness to modify, halt, reverse, or dispense with longer range INF (LRINF) deployment as part of an equitable and verifiable arms control agreement. In the absence of such an agreement, they will continue to deploy LRINF missiles on schedule.

We will continue to consult closely on all of these issues.³

7. We are determined to achieve progress also on other aspects of arms control and disarmament and urge the Soviet Union to work with us for balanced and verifiable agreements. In particular:

- In the Vienna MBFR [mutual and balanced force reductions] negotiations the participating allies are seeking equal collective manpower levels through verifiable reductions in conventional forces in Europe and effective associated measures;
- In Stockholm (CDE) [Conference on Confidence- and Security-Building Measures and Disarmament in Europe] we are seeking agreement on militarily significant, politically binding and verifiable confidence and security building measures covering the whole of Europe to give new, concrete effect and expression to the existing duty of all participating states to refrain from the threat or use of force;
- In the Geneva Conference on Disarmament we seek in particular a world-wide comprehensive and verifiable ban on chemical weapons; we remain deeply concerned about the proliferation and use of such weapons.

8. We attach great importance to the full implementation by all participating states of all principles and provisions enshrined in the Helsinki Final Act and to balanced progress in the CSCE [Conference on Security and Cooperation in Europe] process in all its aspects. The tenth anniversary of the Final Act in August 1985 should be commemorated by a meeting of the participating states at ministerial level. We would like to see the anniversary marked by substantial progress in the CSCE process, including meaningful results at the important meeting on human rights in Ottawa. We also hope for a positive exchange of views at the cultural forum in Budapest in the autumn.

9. We strongly condemn terrorism and will continue to work to eliminate this threat to our citizens and to the democratic values we hold in common.

10. In the spirit of Article 2 of the North Atlantic Treaty, we remain fully committed to promoting the stability and well-being of our community of free nations, sharing common values. We consequently reaffirm the importance of special programmes for less favoured partners.

11. The maintenance of a calm situation in and around Berlin, including unhindered traffic on all access routes, remains an essential element in East-West relations.

We support the efforts of the Federal Republic of Germany to achieve progress in inner-German relations which can make a significant contribution to the building of confidence in Europe and benefit the German people, particularly the Berliners.

12. The Soviet invasion of Afghanistan, now in its sixth year, violates fundamental principles of international law. We urge the Soviet Union to put an end to the suffering of the Afghan people, by withdrawing its troops and agreeing to a political solution restoring the independence and non-aligned status of Afghanistan.

Events in Poland underscore the continuing need for genuine dialogue between the various elements of society and for national reconciliation.

We, for our part, respect the sovereignty and independence of all states. We will remain vigilant and will consult on events outside the treaty area which might threaten our common security.

ESTORIL, NEWS CONFERENCE, JUNE 7, 1985⁴

As you can see, this is a very relaxed atmosphere here in Lisbon, and we have had a relaxed meeting, but nevertheless a very deep consultation. I think this meeting has been in the good tradition of extensive consultation among allies, particularly on the question of SALT II [strategic arms limitations talks] restraints, and a lot of discussion, worthwhile discussion, about strategic defense. Beyond that, from our standpoint, we take great encouragement from the very strong endorsement of our efforts at Geneva in all three of the negotiating groups, and the call on the part of all allies together for the Soviet Union to bring to Geneva a more positive approach. And so I think that as an overall proposition this has been a most satisfactory meeting.

Q. Were you disappointed that it wasn't possible in the end to get a specific endorsement of the President's Strategic Defense Initiative in this NATO statement?

A. As far as the statement itself is concerned, of course we would have liked something like that. On the other hand, in the meeting itself there was a very widespread appreciation of the importance of doing the research that's involved. Obviously, if the research pays off and there is something that comes out of it, then there will be operational decisions to be made and considerations to be had, and one of the things that came out of this meeting was the importance of starting to have a deep discussion in NATO of the opportunities that are offered by this prospect, even though the prospect itself is as yet to be realized. So I was very pleased by the depth of the discussion. Of course, we knew when we came the positions of two or three countries, which would mean that there wouldn't be the possibility of an explicit statement of some kind. But the discussions themselves were very worthwhile.

Q. Do you think that the opinion of the European countries concerning SALT II is going to be a decisive in-

fluence on a decision by President Reagan to scrap or not scrap SALT II at the end of this year?

A. I couldn't hear all of your question. Could you try that again?

Q. Do you think that the opinion expressed here by the European countries on SALT II is going to be of decisive impact on the decision that President Reagan is about to take concerning the respect or not of SALT II when it expires at the end of the year?

A. Did you say decisive impact?

Q. Yes, I said decisive.

A. I don't think that you could expect the President to be guided totally by what he heard from here. He has advice to consider from many corners. But he explicitly delayed his decision, knowing that I was going to come here, so that the considered views of our allies could be gotten together and sent to him, which I have done. So we value the views of our allies as these kinds of decisions are made. And over a period of some years—and I've experienced it myself rather intensively since I've been Secretary of State—there is a pattern and habit of intense consultations, and the views that have been expressed to us have been taken into account and have had an impact on decisions. And it's been a worthwhile exercise, and that's why the President wanted to do it with respect to the SALT II restraints.

Q. Is it true that you declared SDI no longer a question of this conference to be handled at [sic]?

A. No, it was a matter that was mentioned, sometimes extensively, but I think practically every minister that spoke, spoke about the subject as I did. And that's why I say, in the so-called restricted session where there's a sort of an informal exchange tradition, I felt the discussion was quite worthwhile, and of course there is a very broad understanding of how important it is that the United States conduct this research. Obviously, different countries will make up their own minds about whether they wish to take part in it, but that's a totally separate question.

Q. Is it correct to read the strong support of the allies for the American position in Geneva? Does this include specifically the refusal to negotiate on SDI research?

A. I can't speak for Moscow and don't try. It would be a great mistake if anyone were to think that the research program of the United States is any way deflected. It will go on, and for that matter it would be a great mistake to

take from this the view that there is anything except quite widespread support for doing this research on the part of our allies. In fact, I think most would feel that it would be downright irresponsible of the United States not to undertake it, in the light of the fact that the Soviet Union has for some time been doing research on these items itself, and furthermore has the only deployed ABM [antiballistic missile] system and the only deployed antisatellite system right now.

Q. To follow that up if I may, was there any discussion about SDI in the context of its effect on the arms control negotiations, in the same way that there was discussion of SALT and the abrogation and so on and its effect on the arms talks? The allies were concerned about SALT possibly having some detrimental effect on the talks—was there discussion of SDI in that context?

A. There was some discussion but it was—or some people mentioned (it), as there were a few who speculated on the question of why the Geneva negotiations have been re-started: that the existence of this strong initiative has presented the Soviet Union with something in which they wanted to engage, so that it is a reason helping to bring about the negotiations. But of course when people speculate like that I listen and scratch my head, and I think you have to realize that we don't know what it is exactly that brought the Soviet Union back to the bargaining table. That's a question that they can only answer. But in that sense it was seen as an important program research initiative that's going on and that certainly has caught the Soviet's attention. There's no doubt about that.

Q. The French pointed out that the use of the word "efforts" was deliberate in the communique and their support for the efforts in Geneva, and they're happy with that—that it sidesteps the question of supporting the American position specifically in all three areas in Geneva. Is that true about the deliberate choice of the use of the word "effort," and does that not sort of water down a little bit the support for our position there?

A. I don't recall any particular discussion of those words, but my recollection is that this formulation is one that has been used before, and I do know from discussions over quite a period of time with French colleagues about phraseology, that they are very cautious about a statement that seems to refer to all sorts of direct tactical moves that might be made in which they

don't have a direct part. But you have to ask them about that. I do know, from endless hours of communique discussion, from time to time that precise phraseology is something that the French seek, and oftentimes they have a good point.

Q. A part of these meetings you are going to have a [inaudible] separate meetings with the foreign ministers of Greece and Turkey. Aren't the relations between these countries always a subject of concern for the United States, and what do you expect? For what are the prospects of the relations between the United States and Greece following the recent elections in this country?

A. Of course, we would like to see improved relations between Greece and Turkey and hope that they can work toward that end. As far as our relations with Greece are concerned with the re-elected government of Prime Minister Papandreou, I have met with the Greek Foreign Minister, who arrived today, and he expressed his hope and expectation that, I think his phrase was, "We would have calmer seas ahead in United States-Greek relations," and I expressed my similar hope and expectation. There are, I think we have to recognize, there are a variety of issues, and I'm sure that we will each approach the issues with good will, but the issues do present problems sometimes, and they have to be worked through.

Q. You have said that you can't expect on SALT II—on SALT II you can't expect President Reagan to be totally guided by what he's heard here, and I'm just wondering if you could characterize for us what the allies told you on SALT II and whether or not there was perhaps more support for SALT II than you expected and more criticism of any possible violation by the United States of SALT II?

A. My first comment was a reaction to the word "decisive," as though the President would yield his decision to whatever came out of this meeting, and I didn't want any implication of that. Nevertheless, that doesn't take away at all from the importance of the consultation. I would say that out of our discussion on the subject of interim restraints came the following: Number one—a much clearer understanding and sober reflection among allies of the importance of the Soviet treaty violations. People are focusing on these violations and the fact that in many cases they involve things that have important security implications. And second—there is a

widespread view, which obviously we in the United States share, that the existence of a treaty regime is an important element in predictability and stability and we will have to maintain it insofar as we can. That, of course, is one of the things that is so disturbing about the Soviet violations—that it tends to upset the regime, and furthermore tends to erode confidence in the meaning of negotiations themselves, but certainly I think there is a virtually uniform view among the allies with whom we consulted here that we should sort of give the benefit of the doubt and do everything we can properly to maintain the SALT II treaty regime.

Q. Are you now sure that you will meet Andrei Gromyko on August 1 in Helsinki?

A. It has been decided by the NATO Foreign Ministers that we should attend the Helsinki meeting at the ministerial level. And generally speaking, when—or I think almost without exception—when Foreign Minister Gromyko and I have been in the same city on the occasion of a meeting, such as we were in Vienna recently, that we have arranged to meet ourselves. There isn't any meeting explicitly arranged right now, but I would certainly expect that one would be arranged, but there is nothing to report on it other than this general expectation.

Q. We've been told that there wasn't a row at the meeting, that there were not recriminations. Was there an effort to avoid controversy because of the Geneva negotiations, and, if so, do you think it lessened the quality of debate on any issue?

A. There were freely-expressed views on all subjects. And I think that the general spirit of the alliance is one of cohesion and collaboration, and so there's no particular point in shouting at each other. And so the quality of our discussion was high. And the exchanges, both in the formal meetings, and around the edges, and the bilaterals, in the social hours and so forth—I think there's an excellent spirit. And I think that, more than a sense of acrimony, lends quality to the discussion.

Q. In the support you obtained from the allies on the Geneva negotiations, was there a suggestion that the space negotiations should also include negotiations on research?

A. First of all, let me say that it isn't as though we came here seeking support from our allies for these negotiations in Geneva—to the contrary. I think everyone supports these negotiations. We don't have to extract that

from anybody; it's not a concession. People are glad to see those negotiations going on, and as it says in the communique, strongly support U.S. efforts in all three areas. So I think that is very clear. Insofar as research is concerned, I think there is a recognition that is so apparent that it was referred to a few times, but I think is generally accepted, that you could not verify an agreement on research even if you chose to make one. We don't choose to make one. We think it's important to do the research. But nobody would know quite how to describe what it is that you are trying to make an agreement about, and if you could do so, how you could possibly verify adequately whether or not the agreement was being lived up to. I think the problem of verification would be especially difficult in the Soviet Union because it's a closed society, as compared with our open society. So I think it's not even a real point of controversy.

Q. [Inaudible] has been condemned in the communique—other than the practical measures to fight terrorism in the framework of the alliance?

A. The countries in the alliance have quite a lot of interaction, some countries more than others, in exchanging information, ideas, questions of technique, intelligence having to do with terrorism. And the quantity and quality of those interactions has risen in the last year or two as the amount of terrorism has increased, and as the recognition of the fact that it is an international, as distinct from national, phenomenon has been appreciated more and more widely. And so I think it is important for the countries in the alliance, and the alliance as such, to make the statement that was made here. As far as explicit operational things are concerned, I prefer not to make any comments on those.

Q. Could you say whether the United States intends in its efforts in Geneva to discuss with the Soviet Union the gray areas in SDI between research on one hand and deployment on the other—the gray areas of development, testing, and production—to try to reach an agreement with the Russians as to how to define these areas and what is permitted and what is prohibited under the existing ABM Treaty?

A. First of all, the President's Strategic Defense Initiative is a research program, and it is being undertaken and will continue to be undertaken within the framework of the ABM treaty, so there's no thought of going outside the boundaries of that treaty. Beyond that,

however, as we observe Soviet behavior on matters of strategic defense, we see quite a few things that raise a question about what the Soviets believe that treaty prohibits and what it permits. And in some cases, the Krasnoyarsk radar being an outstanding example, we believe that what they are doing is an outright violation of the treaty and we've said so. So certainly in the Geneva negotiations, in the space defense group which Max Kampelman is our chief negotiator in, we do wish to discuss the question of the current ABM regime and our desire to see behavior brought into line with what our understanding is of the regime that treaty establishes.

Q. You met this morning with allies involved with us in the UNIFIL [UN Interim Force in Lebanon] force in Lebanon to discuss Lebanon. Could you give us any idea what analysis you made? Particularly whether you came to any conclusions about how to deal with the hostage issue in Lebanon?

A. I don't have any comment to make on the hostage issue. Of course it's a matter that's on everybody's minds and we work on it and talk about it, but I don't want to comment on it. The reason why we had the meeting is the obvious distress in Lebanon, and as we were together in Vienna and some of us during the President's trip to Europe recently, we didn't really have a chance to discuss the issue, and we did agree that here we ought to take the occasion and talk about the tragic situation in Lebanon and we did that. We exchanged information about it. We didn't arrive at any conclusion about what we collectively or individually could do about the violence in Lebanon. Of course some of the countries, particularly France is involved in UNIFIL directly and others are involved via the Security Council. We have Americans committed there as well. So the question of UNIFIL and its disposition was noted, but we didn't reach any conclusion about it. It is a tragic situation.

Q. If I may go back to SDI, the President's scientific adviser Mr. Keyworth is quoted today as having told the Congress that he thinks within 3 years the United States will be in a position to demonstrate to the Soviet Union that it has the capability to intercept Soviet ICBMs [intercontinental ballistic missiles] in the boost phase, before they enter space. Is that an assessment that you shared with the allies at this meeting? Or how far along is SDI research, as far as you're concerned?

A. That was an assessment I read about in the papers this morning, and so I don't really have any comment about it. Dr. Keyworth is a renowned scientist, and so he's entitled to an informed opinion. I'm a layman in the field, so I have to rely on what those who are scientifically capable have to say, although I do try to sort it out, having had quite a little experience during my life with expert opinion. But I don't have a view, because I just heard this comment.

Q. Has it caused any sort of surprise that the Norwegian Government came out very quickly with a note about participation in the SDI and has now sent the prominent, for Norway, team of researchers to the States to look at what it's all about—that it didn't come in the opposite—you know, that they didn't check it out first and answer afterwards?

A. I don't have any comment on the internal political processes of other countries, but I think that there is a

great deal of interest around the world, not only in governments but in scientific and engineering communities, in somehow being a part of this research program, knowing about it. Leaving aside—it is clearly an exciting program on the edges of a lot of important science and there are creative and stimulating people involved, and so I don't think it's a surprise that creative and stimulating people in many countries like to be involved. Whatever field you're in, you generally like to be where the action is. And in many areas of science right now, the action is this program, so that tends to draw creative people.

¹Interview for radio and television (text from press release 125 of June 6, 1985).

²The Minister of Foreign Affairs of Spain reserves his government's position on the present communique [text in original].

³Greece and Denmark reserve their positions on the INF part of this paragraph [text in original].

⁴Press release 136 of June 13. ■

nations became wartime allies in the struggle against fascism, bitter enemies waging cold war, and, more recently, participants in a mixed relationship oscillating between detente and enmity.

Neither the friendship of wartime alliance nor the estrangement which preceded and followed the war were without complications and peculiarities.

- In the early 1920s, a period of U.S.-Soviet tension, Herbert Hoover's food program saved millions of people in Russia from starvation.

- Stalin began World War II as Hitler's ally; then, in the thick of wartime cooperation, he professed such suspicion about our intentions that he was reluctant to allow American bombers to land in the Soviet Union, thereby hampering our common effort to defeat Hitler. During the era of Soviet-American alliance, moreover, the struggle over the shape of postwar Europe began.

- In 1955, amid the cold war, President Eisenhower's summit meeting with the new Soviet leader, Nikita Khrushchev, produced the "spirit of Geneva"—which proved to be quite transitory—and the Austrian State Treaty—which proved to be more substantial and durable.

- In the early phases of detente, the United States moved energetically to counter Soviet geopolitical threats—in the Jordan crisis in 1970 and in raising our military alert in October 1973 to deter Soviet intervention in the Middle East war. In 1972 the United States vigorously prosecuted the war in Vietnam at a time when we were reaching new strategic arms control accords with Hanoi's major arms supplier.

- Even as General Secretary Gorbachev recently expressed agreement on the importance of a summit meeting with our President, the Soviet Government distorted the facts and refused to accept responsibility in the killing of Major Nicholson, a member of our Military Liaison Mission in Berlin.

Stereotypes of approaches to U.S.-Soviet relations have at least some value in demonstrating the ultimate futility of simple answers. Neither mindless efforts to compromise nor macho attempts to isolate and confront provide a basis for an effective strategy toward Moscow. Optimists who think U.S.-Soviet friendship is assured if only the United States acts amicably and demonstrates sincerity are naive. Pessimists who see neither hope nor need for better relations with Moscow succumb to unwarranted cynicism.

Reflections on U.S.-Soviet Relations

by Michael H. Armacost

Address at the U.S. Air Force Academy in Colorado Springs on May 1, 1985. Ambassador Armacost is Under Secretary for Political Affairs.

It is a special honor to have been asked to give the Air Force Academy's seventh Ira C. Eaker lecture. I'm sorry that General Eaker cannot be here this evening. He is a great American whom I have long admired. Ira Eaker was born in the year the Bolshevik Revolution began in Russia. His lifetime has thus encompassed the evolution of the Soviet state and the challenge it has presented to the world. It consequently seems fitting that I address myself this evening to the contemporary state of U.S.-Soviet relations.

Let me start with the obvious: no relationship is of greater consequence to Americans. The United States and Soviet Union are natural geopolitical and ideological rivals, yet we are also necessary partners in the tasks of seeking to impose constraints on the arms competition and preventing regional conflicts from developing into global confrontations.

In dealing with the Soviets, our overriding challenge is to preserve peace while protecting freedom. To do this, we

must strengthen deterrence by maintaining a strong defense. We must seek cooperation where our interests converge, while showing the capacity and resolve to resist encroachment where our interests are threatened.

Four developments make U.S.-Soviet relations especially challenging at this juncture.

- A long-awaited leadership change has occurred in Moscow.

- Regional disputes in Central America, the Middle East, southern Africa, and Southwest and Southeast Asia have large implications for future U.S.-Soviet ties.

- New talks on nuclear and space arms have begun in Geneva.

- President Reagan and General Secretary Gorbachev have agreed on the desirability of a meeting, though the timing and other arrangements have yet to be defined.

Before commenting on these factors which shape the present and future of U.S.-Soviet relations, a cautionary note from the past.

Past Trends in U.S.-Soviet Relations

For 16 years after the revolution in 1917, we withheld recognition from the Bolshevik regime. Subsequently, our two

Experience should point us toward the need for a sustainable strategy capable of encompassing complexities. Some sophistication is required. On the one hand, we need to pursue our global interests with realism and strength, recognizing that in many areas the Soviet Union will seek directly or indirectly to erode our influence, intimidate our friends, and challenge our interests. At the same time, we need an improved dialogue with the Soviet Union's leaders and cooperation in those fields where shared interests can be identified. Let me then turn to those factors which will determine the contours of East-West conflict and cooperation in the period ahead.

Gorbachev's Soviet Union: Strengths and Weaknesses

Mikhail Gorbachev's emergence as the top Soviet leader has spurred expectations of change in the Soviet Union and possibly in U.S.-Soviet relations. Many assume that the emergence of a new, younger leader heralds a positive change in East-West relations. Recently reiterated Soviet threats against Pakistan and Gorbachev's latest statements on arms control, however, remind one of the pressures for continuity in Soviet policy. While Gorbachev has moved impressively to grasp the Soviet party's key power centers, we will have to wait and see what policy changes he introduces.

In the meantime, we should remember that Soviet policy and actions do not depend wholly on a new leader. They depend far more on the U.S.S.R.'s unusual mix of enormous strengths and considerable weaknesses.

Ideology and tradition define much about the Soviet Union. It is a state driven by ambition to expand its political influence and dominance, propelled by an ideology hostile to our fundamental values, and spurred by paranoia about its own security and insensitivity to the security concerns of its neighbors. These are the intangibles of Soviet power, but what of the tangibles?

The Soviet Union is a massive military machine. Its economy is only half the size of ours, yet over the last decade the U.S.S.R. has spent considerably more than the United States on armed forces. It fields well over twice as many soldiers as the United States, has far more military equipment, and maintains larger military reserves. A major weakness, however, is the uncertain effectiveness of Moscow's

allies. They belong to a coercive alliance, the Warsaw Pact, while we participate in alliances of mutual consent. That makes a lot of difference.

The Soviet economy's ranking as second largest in the world is being challenged by Japan. It is no longer dynamic and never was very efficient. Growth has slipped steadily, from 7%-8% per year in the 1950s to projections on the order of 2% annually in the late 1980s. To sustain even slow growth, the Soviet leadership will have to make difficult tradeoffs among consumption, investment, and the military. Agriculture still needs attention; the average Soviet farmer feeds only 9 persons, while the American farmer feeds 67.

Soviet leaders are talking publicly of economic discipline, and tinkering with material incentives and organizational charts, but not yet of basic reforms, which party cadres and bureaucrats have strongly resisted in the past. To feed an enormous military appetite, maintain political control, and focus national resources on priorities, Soviet leaders will be tempted to retain their centrally administered economic system. Yet without more than minor tinkering, it is questionable whether problems of stagnating productivity can be effectively resolved.

Gorbachev's Soviet Union continues to be a country with a highly developed sense of political discipline. While grumbling and disaffection are widespread, the population is far from rebellious. In times of crisis, the regime can tap vast reservoirs of patriotism and national pride. But compared to the Khrushchev era, expectations are tempered. Gone is the optimism about catching up with Western prosperity.

What impact do internal trends have on Soviet foreign policy? Clearly, the economic slowdown, political stagnation, and events in Poland and elsewhere complicate the achievement of foreign policy aims. Financial aid for client states is in shorter supply. The ruthless occupation of Afghanistan gives the lie to Soviet claims to be the champion of national liberation and the oppressed, nor has it helped morale at home. And in most regions of the world, the sluggish Soviet economic performance at home has undermined the ideological appeal of the Soviet model. Nonetheless, Moscow's vast military buildup and its political ambitions make the Soviet Union a still formidable opponent.

Geopolitical Expansion and Resistance to It

While the Soviet Union presents a global geopolitical challenge, it is most attentive to its interests in areas along its borders. Viewed from Moscow, Europe remains the grand prize; the Middle East, a cockpit of conflict and potential opportunities; China, a feared neighbor.

The Soviets have been historically optimistic about their prospects in the East-West competition. At first their optimism was based on a misguided expectation of spontaneous revolutions in the advanced industrial countries after World War I and the colonies struggling for independence following World War II. In the 1950s and 1960s, they mistakenly assumed that their central planning process predestined them to triumph in the economic competition with capitalism. More recently—in the 1970s—they harbored the conviction that despite their economic slowdown, they might yet become the world's leading military power.

Expanded Soviet defense spending against the backdrop of our own retreat from Vietnam and domestic pressures to assume a more modest world role buoyed Moscow's confidence that the "correlation of forces" was shifting in its favor. Soviet leaders resorted with increasing frequency to the direct or indirect use of military force or military assistance to establish outposts of influence in Afghanistan, Angola, Ethiopia, South Yemen, Mozambique, Indochina, and Nicaragua. These ventures manifested confidence in Soviet power and stirred Russian national pride. But they also stimulated resistance, provoked the development of countervailing sources of power, and awakened us to the dangers of weakness and timidity.

Compared to the mid-1970s, the evolving balance of power must look less promising today when viewed by Moscow. Their economy is slack, their allies restive, their prestige diminished, and their friends and allies in Indochina, Afghanistan, Nicaragua, Angola, and Mozambique face growing popular resistance and guerrilla insurgencies.

By contrast, our economy is robust; we are beginning to restore our military position; our alliances are solid; our ideas—democracy and the free market—have greater resonance than theirs even in the developing world. Our global position is much improved. Yet, while these adjustments in the power balance are encouraging, there are few grounds for complacency.

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In Eastern Europe, Moscow's willingness to use force to subdue its empire severely inhibits the foreign policy options of its allies. Recent events in Poland demonstrate that military concerns and the preservation of communist rule remain paramount Soviet objectives. And the Warsaw Pact has just been extended for several decades.

In Western Europe, the Soviets are seeking to rekindle the peace movement and spreading doubts about our Strategic Defense Initiative (SDI) while offering the lure of commercial deals to drive wedges into the Atlantic alliance.

In East Asia, Moscow is attempting to consolidate a strategic foothold in Indochina, extend the reach of its military forces throughout the Pacific and Indian Oceans, and foster at least limited improvements in its relations with China, while fueling antinuclear sentiment among our friends and allies in the South Pacific and fanning sources of discord between the United States and its Asian allies.

In the Middle East, the Soviets retain close links with Syria, seek a role in the Arab-Israeli peace process by sponsoring an international conference, and are consolidating their ties with Iraq while leaving the door ajar to exploit future opening to Iran.

In Southwest Asia, aside from its brutal occupation of Afghanistan, Moscow is devoting priority attention to sustaining close ties with India, while bullying Pakistan and playing for the breaks elsewhere in the subcontinent.

Further afield, the Soviet Union continues to utilize military support to bolster its friends and clients in the Third World. For example, last year the Soviets doubled their arms shipments to Nicaragua. And Cuba remains a symbol of revolutionary internationalism, even though its faltering economy costs the Soviet Union a painful \$10 million a day. Moscow has discovered that while concessional military assistance is still valued by many developing countries, its assets are less relevant to the immediate problems of famine and drought in Africa, debt in Latin America, or the desire for peace and reconciliation in the Middle East.

As the Soviet challenge is global, we require a global strategy that plays from our strengths and ideals and that blocks Soviet troublemaking. Such a strategy places a premium upon our ability to sustain the support of a large number of allies and friends, to foster the cohesion of new regional associations, to play the role of peacemaker in regional disputes,

to supply moral and material assistance to those resisting tyranny, and to provide a steadfast and articulate defense of our ideas and values.

I have neither the time nor inclination to outline all the elements of our strategy in the East-West competition. But a few comments are in order.

First, Soviet decisions on foreign policy depend heavily on Kremlin perceptions of the general condition of the West: their reading of the strengths and weaknesses, the unity of purpose, and the cohesion of the entire community of democratic nations. Specific policies are also important—the size of our defense budget, the proposals being advanced within NATO councils, the efforts we undertake to attenuate conflicts in various regions. Clearly, the further strengthening of our alliances with the industrial democracies of Western Europe and Japan is essential. They have guaranteed peace in regions that had known terrible wars. They have preserved liberty and provided barriers to Soviet expansionism. They have nurtured productive and free societies that give confidence for the future.

The Bonn summit takes on special importance in this connection. The 40th anniversary of the end of World War II offers an opportunity to rededicate the democracies to peace and reconciliation, to recall our postwar success in establishing a new, secure Atlantic and Asian democratic community, and to foster an even deeper spirit of cooperation in dealing with common problems in the future.

Success in nurturing the cohesion of the advanced industrial democracies will require above all:

- A strategy of deterrence that enjoys broad allied support while we explore the technological possibility of strategic defenses;
- An effort to raise the nuclear threshold by improving conventional defenses, with the burdens shared equitably;
- The coordination of trade and monetary policies to facilitate expanded growth without protectionism; and
- Close and continuous consultations to strengthen the habits of cooperation on international political issues.

Second, in countering Soviet efforts to establish predominant influence over the Eurasian landmass, it is essential that we support the genuine nonalignment of other key power centers while building deeper cooperative arrangements with them. It is with this in mind that we attach importance to:

- Placing U.S. relations with China on a solid and durable footing;
- Supporting the independence and security of such "front-line" states as Pakistan, South Korea, Thailand, and the core four nations of Central America—all of which face pressure from communist neighbors;
- Improving our relations with Rajiv Ghandi's India; and
- Nurturing regional groupings of free nations such as ASEAN [Association of South East Asian Nations] in Southeast Asia, the Gulf Cooperation Council in the Persian Gulf, and the Organization of Eastern Caribbean States.

Third, active diplomacy to help solve regional conflicts can limit opportunities for Soviet mischief-making. Our efforts to play honest broker in the Middle East and southern Africa as well as our role in the Contadora process in Central America give us diplomatic initiative in these regions which Moscow cannot match.

• In the Middle East, of course, we have long been diplomatically engaged. We back direct talks between the parties in the Arab-Israeli dispute because they provide the only real hope for a peaceful settlement.

• In southern Africa, our diplomacy is directed toward bringing independence to Namibia, removing Cuban troops from Angola, ending regional cross-border violence, and providing peaceful internal change in South Africa.

• In Central America, we are pressing for a cease-fire and dialogue between the Sandinistas and their democratic opponents and an effective resolution of regional security issues through Contadora.

• With respect to Afghanistan and Cambodia, we support international efforts to facilitate the withdrawal of Soviet and Vietnamese troops, respectively, in the context of settling the key problems politically. In Korea, we back resolution of North-South differences through direct talks.

In all of these areas, we would welcome constructive Soviet actions; in their absence, we will not flag in our own efforts.

Finally, where Soviet-backed regimes have been installed in the Third World by force, without consent, we reserve the right to support democratic forces. It is this principle that provides the common thread to our humanitarian assistance to Afghanistan, our political and economic support for noncommunist Cambodian resistance groups, and our

efforts to obtain congressional support for continued assistance to the democratic resistance in Nicaragua.

Our geopolitical strategy, in sum, is to preserve an effective deterrent, sustain our alliances, build new friendships with important regional powers, block challenges, and work with regional states to defuse tensions and resolve outstanding disputes.

The Arms Competition

While the Soviet geopolitical challenge is global, the arms competition centers more on the U.S.-Soviet and NATO-Warsaw Pact balances. In the face of a massive Soviet buildup, we have sought to manage the arms competition:

- By modernizing and expanding our nuclear forces to make them more effective and survivable;
- By actively pursuing arms control measures to regulate the competition; and
- By rationalizing our nuclear strength when prudence permits.

To the surprise of many, rationalization has had a more concrete effect to date than has arms control. The United States is withdrawing 2,400 nuclear warheads from Europe. Moreover, the United States has decreased the total number of its nuclear weapons by one-third since 1964 and its total megatonnage by a factor of four since 1960. The Soviets, regrettably, have shown no similar restraint.

During the 1970s, while "detente," Vietnam, and Watergate diverted Americans, the Soviets made stunning military gains.

- They developed a major advantage in strategic missile destructive power and sharply eroded our traditional lead in numbers of strategic warheads.
- They deployed over eight times more longer range INF [intermediate-range nuclear forces] missile warheads than we have, as well as more shorter range nuclear weapons.
- Complementing the Soviet nuclear buildup, the Warsaw Pact has deployed one-third more troops and nearly three times more tanks than NATO. In Europe, the pact has more than twice as many fighters and interceptors as NATO.

This Soviet buildup goes far beyond the needs of deterrence and, hence, jeopardizes it. We and our allies are determined to restore stable deterrence through arms control if we can, through force modernization if we must.

Our modernization programs are in good shape. In 1978 NATO moved to increase defense spending and bolster conventional defenses. In 1979 NATO responded to the SS-20 threat by deciding to deploy its own longer range INF missiles in the absence of arms control arrangements. For several years we have been developing a full array of new strategic systems—including two new ICBMs [intercontinental ballistic missiles], a new submarine and missile, two new bombers, and cruise missiles. Some deployments have begun. We are also modernizing command, control, and communications for our nuclear forces. Taken together, these programs will greatly increase the effectiveness and survivability of our deterrent. Our naval and power projection forces are also growing. U.S. and NATO programs utilizing high technology are making our ground and tactical air forces far more powerful. We are restoring the balance.

The President is not satisfied, however, merely to bolster our retaliatory capabilities. He wants to reduce rather than increase reliance upon nuclear ballistic missiles. The strategic defense research program was designed to explore the feasibility of new concepts for defense against nuclear attacks—concepts that might permit us to base deterrence more on defense and less on threats of mutual annihilation.

SDI is a research program conducted within the framework of our ABM [Anti-Ballistic Missile] Treaty obligations. To be effective, strategic defenses must be survivable and cost effective at the margin. If in the future we decide to deploy defenses, we will seek jointly with our allies and the Soviets to manage a stable transition to a world in which defenses play a greater role. In the meantime, our research program is a prudent hedge against the Soviet strategic defense effort, the size of which already matches Moscow's huge strategic offense program.

These are the programs we are carrying out to convince a potential adversary that the costs of aggression always far outweigh the gains. But can we not deter just as well at lower levels of arms on both sides? In theory, we can. And that is why the President is

firmly committed to negotiating equitable agreements providing for deep cuts in nuclear arms.

Soviet leaders profess to be equally interested, but their actions sow doubt.

- The United States and its allies are ready to negotiate troop cuts in central Europe so as to lessen the risk of surprise attack, but Soviet recalcitrance on verification and other issues has stymied agreement.

- The Soviets have called for a non-use-of-force pledge in Europe but seem reluctant to negotiate concrete confidence-building measures to make such a pledge reliable.

- The Soviet attitude in the first round of the nuclear and space arms talks in Geneva, which ended on April 23, was unyielding and unconstructive. It recalled the sad experience of START [strategic arms reduction talks] and the INF talks, which the Soviets ended in 1983 by walking out. The Soviets are now arguing that the United States must agree to ban "space-strike" arms before progress can be achieved in reducing offensive nuclear arms. We reject this concept of linkage, which amounts to setting preconditions. The potential for immense nuclear destruction is here and now. Space arms lie far in the future, and a framework for restraint—the ABM Treaty—already exists.

This is why our top priority in Geneva is to get radical reductions in strategic and intermediate-range offensive nuclear arms. But we are also ready to discuss the potential for moving to a world in which strategic defenses could play a greater role. Should new defensive technologies prove feasible, they would be made more effective by prior reductions in offensive nuclear weapons, and they would provide an incentive for making even deeper cuts in the future. Defenses could also make such cuts safer by protecting against the risks of cheating on arms accords.

Cuts in nuclear arms must not be delayed by cynical negotiating tactics. Progress is needed, and it is needed now. We are serious about making it.

- In the 1982-83 strategic arms talks, the Soviets charged that the United States wanted to emasculate the powerful Soviet ICBM force. But we have no desire to dictate the structure of missile forces. Our goal is to reduce them, and we are prepared to discuss tradeoffs balancing the two sides' relative advantages. We recognize that there will continue to be asymmetries in U.S. and Soviet strategic forces.

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- In the past, the Soviets charged that we sought unfairly to protect our advantages in bombers and cruise missiles. But we propose limits below the levels set in SALT II [strategic arms limitation talks].

- The Soviets charged that our approach was one-sided. But we propose overall equality.

- The Soviets charged that our INF approach was also lopsided. But we seek an equitable outcome and have made several initiatives to meet Soviet concerns.

These are issues to be explored. We are ready for serious discussion.

Clearly, negotiating effective arms control is neither easy nor a panacea. It may not even be possible if the Soviet goal is only to disrupt Western defense programs while building up the U.S.S.R.'s own vast arsenals. Moreover, Soviet violations of existing agreements put us on guard as we seek to enter into new ones. Arms control is a two-way street. Verification provisions must be tight. Yet, the potential gains of serious, equitable, and verifiable arms reduction can be great. We can reduce the risks of war and make the world safer.

In sum, the President has given our negotiators considerable flexibility, but he is determined to conclude only agreements that enhance our security. The way is open to useful agreements, if the Soviets match our flexibility.

Direct Dialogue

If we counter Soviet expansionism and maintain an effective deterrent, we enhance the chances for progress in direct dealing with the Soviet Union. As we prepare for a possible meeting between President Reagan and General Secretary Gorbachev, in what areas can progress be achieved through dialogue?

One important opportunity is to enhance dialogue about the geopolitical competition itself. Last September at the United Nations, President Reagan called for more regular exchanges with the Soviet Union on regional problems. It would be a mistake to make arms control the centerpiece of the relationship. We have learned this lesson. The invasion of Czechoslovakia, the discovery of the Soviet combat brigade in Cuba, conflict in the Middle East, and the invasion of Afghanistan raised geopolitical tensions and threw arms control off track.

In recent years, we have had a number of diplomatic exchanges with the Soviets—on southern Africa,

Afghanistan, the Middle East. Regional issues have been discussed at length by Secretaries Haig and Shultz in their meetings with Foreign Minister Gromyko. They will continue to be. We have no interest in seeking to pursue a condominium with the Soviet Union. Our differences are too profound. Our goals are more modest. Through dialogue, we seek to avoid miscalculations, promote restraints, and encourage responsible actions in areas of tension. In response to the President's initiative, the Soviets have recently indicated an interest in further regional talks, and we expect these to take place in the coming months.

We are taking other steps to ensure that crises do not escalate out of control. At our initiative, the United States and the Soviet Union are upgrading the "Hot Line" to provide for facsimile transmission. We also consult regularly on nuclear nonproliferation—a subject on which our interests substantially coincide.

A number of areas of U.S.-Soviet relations that have low public profile offer opportunities for modest progress. Last June, President Reagan listed some 18 opportunities for expanding people-to-people contacts with the Soviet Union. We are currently negotiating a new cultural exchanges agreement. We have proposed the opening of an American consulate in Kiev. We are working on an agreement to improve communications and enhance air safety procedures in the North Pacific, where the Korean Air Lines flight was shot down.

In the field of trade, the Soviets now are buying more American grain than ever before. Later this month the first ministerial meeting of the U.S.-Soviet Joint Commercial Commission in over 5 years will take place in Moscow. This can foreshadow a mutually beneficial expansion in nonstrategic trade if progress is made in other areas of U.S.-Soviet relations, including human rights.

Human rights is an area in which the U.S.-Soviet dialogue has long been strained. It is primarily one-way. While we would hope the Soviet Union, as a signatory of the UN Universal Declaration of Human Rights, would honor provisions for free elections, multiple parties, real trade unions, and a free press, at present we ask of the Soviets only that they begin to honor the more immediate commitments they made in the Helsinki Final Act of 1975. For example,

they could and should permit a substantial increase in emigration. Furthermore, courageous dissidents like Andrei Sakharov, Yuriy Orlov, and Anatoliy Shcharanskiy should not be forced into internal exile or into prison. Jews should not be beaten and arrested for merely teaching Hebrew. Pentecostals and other believers should not be thrown out of their jobs and persecuted for practicing their faiths.

In all of our high-level meetings with Soviet leaders, we have made the point that progress in other areas of the relationship, including trade, must be accompanied by progress in human rights.

Conclusion

We have entered a period of intensified high-level dialogue with the Soviet Union. President Reagan is now attending the Bonn summit of allied leaders, where a major focus will be on defining the course ahead in East-West relations. In 2 weeks, Secretary Shultz and Foreign Minister Gromyko will meet in Vienna to review our agenda and provide political-level impetus for progress in all fields.

In meetings with Soviet leaders, we will seek to find ways to reduce the enormous stockpiles of nuclear weapons, to discourage the use of force in regions of crisis, and to develop mutually beneficial bilateral agreements. At the same time, it is well to remember that the constraints on the U.S.-Soviet relationship are imposed not only by geopolitical rivalry but by the nature of the Soviet system. We can reach specific agreements and improve the framework for managing our competition—making it safer and less unstable. But we are destined to continue to compete.

I will not pretend to anticipate the outcome of that competition, but let me state my belief. Freedom works when free men do. If the Congress gives us the tools to shape the global context, the next few years should be good ones for U.S.-Soviet relations. As Goethe said, each generation must earn anew that which it has inherited. Let us commit ourselves to preserve the peace we have inherited by striving for agreements with the Soviet Union. But let us simultaneously work for a world in which the number of democracies grows and the scope of freedom expands. ■

NATO Defense Planning Committee Meets

The Defense Ministers of the North Atlantic Treaty Organization (NATO) met in Brussels May 22, 1985. The United States was represented by Secretary of Defense Caspar W. Weinberger. Following is the final communiqué, with annex.¹

1. The Defense Planning Committee of the North Atlantic Treaty Organization met in ministerial session in Brussels on 22nd May 1985. We discussed a wide range of subjects, focussing our attention on measures necessary to improve NATO's conventional forces and on the adoption of ministerial guidance, and agreed on the following:

2. We are resolved to sustain the credibility of NATO's strategy of flexible response and forward defence. Nuclear weapons play an essential part in our objective of deterring war and, as reflected in the communiqué of our Luxembourg meeting, we are determined to maintain the effectiveness of NATO's nuclear forces. But we are concerned that the current disparity between NATO's conventional forces and those of the Warsaw Pact risks an undue reliance on the early use of nuclear weapons. This would be an unacceptable situation which we are determined to avoid by making a special and coherent effort to improve our conventional capabilities.

3. In this context, we endorsed a report from the Secretary General and the Defense Planning Committee in permanent session on conventional defense improvements, in response to our mandate last December, which provides a coherent and balanced approach to achieving improvements to our conventional forces. The report identifies key deficiencies on a regional and a functional basis which could, if uncorrected, threaten NATO's ability to implement its strategy. It also highlights those areas where special attention will provide the greatest return, both in the medium and long term, in improving the effectiveness and credibility of Alliance strategy. The comprehensive recommendations which we have adopted constitute a plan of action for the Alliance. We shall give special emphasis to these areas in our national planning and within the Alliance defence planning process.

4. Strengthening our conventional forces constitutes a challenge to all members. However, in looking at our tasks we should not underestimate what we have achieved already. The Alliance has made and continues to make significant improvements to its conventional forces, particularly in the area of equipment modernization. By ensuring that our resources are concentrated on the areas of greatest need we can build on this solid foundation to achieve the improvement we now require.

5. We had an initial discussion of the work on a conceptual military framework submitted by NATO's military authorities. This important work is continuing. It has already helped us to identify those areas on which we will have to focus our efforts, and will provide military guidance for long term planning.

6. The effort which we called for last December has brought together in a coordinated approach important work to improve our conventional forces currently under way in several areas; this includes:

- The progress nations have made since our decision last December to make a special effort to acquire more ammunition stocks for selected battle decisive systems;

- The allocation of funds from the 3,000 million IAU [infrastructure accounting unit; at the time of the agreement was about U.S. \$8 billion] infrastructure programme agreed last December for the next six years. This figure is more than double the amount previously available. Within this overall amount we plan to authorize 665 shelters for reinforcing aircraft by 1990;

- The continued exploitation of emerging technologies;

- Significant progress towards a solution to the long-standing requirement for a common and secure identification system for NATO aircraft which will meet NATO's most serious air defence deficiency. Agreement on the critical operating characteristics of the NATO identification system would allow NATO nations to move towards deployment of this vital capability;

- The improved coordination of the various planning areas to provide a balanced distribution of resources within the development of an overall resources strategy;

- A strengthened emphasis on long term planning;

- The need to provide more aid, and by more nations, to Greece, Portugal and Turkey in order to help them improve their forces and carry out their missions more effectively to the advantage of all. The deficiencies in the forces of these countries are a matter of particular concern.

7. Our specific concern for improvements in conventional defences has also played a major part in the development of the 1985 ministerial guidance which we approved today. Ministerial guidance is the major political directive for defence planning both by member nations and the NATO military authorities and in particular it gives direction for the preparation of NATO force goals for 1987-1992. The guidance reflects the plan of action which we have adopted.

8. Achieving these improvements will require an even greater emphasis on the optimal use of resources, and to this end vigorous efforts must be made to improve

cooperation and coordination within the Alliance. We also agreed to examine whether specific improvements could best be brought about by common funding, and to develop more effective measurement of the output resulting from our defence efforts. Improvements to NATO's conventional defence will also depend on the allocation of increased resources to defence, at increased rates higher than those achieved by most nations in the past. We accordingly agreed resource guidance which reconfirms the goal of achieving real increases in defence spending in the region of 3 percent per year, as a general guide. A fuller account of this resource guidance will be found at the annex.

9. Arms cooperation, in particular, has a vital role to play in the more effective use of resources and the provisions of stronger conventional forces. The development of a more effective transatlantic two-way street is essential. We welcome the progress made in the independent European programme group towards the coordination of research, development and procurement within Europe. We will strive to share technology and improve arms cooperation between the European and North American members of the Alliance. This cooperation should also take into account the imbalance that exists between the developed and developing members of the Alliance. We will at the same time continue to protect militarily relevant technology.

10. Recalling the documents of the 1982 Bonn Summit, we reaffirm the position adopted in previous communiqués concerning developments outside the NATO Treaty area that might threaten the vital interests of members of the Alliance. Against the background of United States planning for its rapidly deployable forces, we reviewed continuing work, carried forward in the 1985 ministerial guidance, on measures necessary to maintain deterrence and defense within the NATO area. We will ensure that NATO defence planning continues to take account of the need for compensatory measures.

11. Efforts to improve our defensive capabilities are being accompanied by parallel efforts in the field of arms control. Deterrence and defence and arms control remain integral parts of the security policy of the Alliance. We welcome the opportunities offered by the negotiations in Geneva encompassing defence and space systems, strategic nuclear forces and intermediate-range nuclear forces. These negotiations will be difficult, long and complex, and continued close consultation among the Alliance partners will be essential. We strongly support the United States approach to these negotiations and call on the Soviet Union to participate constructively in them.

12. We emphasized NATO's determination to continue the deployment of LRINF [longer range intermediate-range nuclear forces] missiles as scheduled in the absence of a concrete negotiated result with the Soviet Union obviating the need for such deployment. At the same time, we reiterated our willingness to reserve, halt or modify the LRINF deployment—including the removal and dismantling of missiles already deployed—upon achievement of a balanced,

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equitable and verifiable agreement calling for such action.²

13. A strong and cohesive Alliance is indispensable to the security of its members and to stable international relations. We reaffirm our determination to preserve peace and security through the maintenance of forces sufficient for deterrence and defence and through constructive dialogue with the Soviet Union and the countries of Eastern Europe. We are determined to make the necessary effort to sustain the credibility of our strategy and to do all that is necessary to preserve our security at the lowest possible level of forces.

ANNEX

Resource Guidance

Resource guidance must always be viewed as one amongst several instruments to guide the defence efforts within the Alliance. No formula can provide more than planning guidance; the ultimate yardstick is the overall ability to perform the tasks required to support NATO's overall deterrence and defence objectives;

(A) There is a political and military need to improve NATO's conventional defence capabilities in relation to those of the Warsaw Pact in order to narrow the gap and reduce dependence on the early recourse to nuclear weapons.

(B) To achieve this every effort must be made to obtain optimal value from scarce resources.

(C) To this end vigorous efforts must be made to improve cooperation and coordination within the Alliance, and as part of these efforts a study should be undertaken whether specific improvements could best be brought about by common funding.

(D) Notwithstanding the above efforts to improve the output from existing expenditures it will be necessary to increase the allocation of resources to defence in real terms with most nations achieving rates of real increase higher than those in the past.

(E) Determined efforts should be made as a matter of urgency to devise an agreed and accepted methodology for measuring output performance with a view towards developing a variety of key performance indicators allowing supplementary resource guidance to be set in those terms.

(F) The 3 percent formula is confirmed as a general guide. Those nations which have not met it in the past should make every effort to do so in the future. In applying this general guide, account should be taken of the considerations above as well as the specific considerations applying to individual countries based on analysis of all factors relevant to the respective national defence efforts. These considerations should take as their starting point the quantity and quality of each nation's past and present defence effort, the identification of the most critical deficiencies in each nation's force contribution and

the necessary improvement measures, in short, performance. Nations should achieve, to the extent possible and as soon as possible, necessary force improvements even if they are additional to those contemplated at the resource level called for by the formula.

¹The Minister of Defence of Spain reserves his government's position on the present communique [footnote in original].

²Denmark and Greece reserve their positions on INF [footnote in original]. ■

Northern Ireland

Background

The 1921 Anglo-Irish treaty resulted in partition of Ireland. Twenty-six counties in the south became the Irish Free State, while six of Ulster's nine counties stayed with Britain as Northern Ireland, with a home-rule government of its own. A strong minority in the south opposed the treaty and took up arms against the Free State but was defeated during the civil war of 1922-23. In the years that followed, the North's sizable Catholic minority was largely excluded from participating in the development of a pronouncedly Protestant state.

In 1968 northern Catholics began a movement to seek equal treatment under law. The Northern Ireland Government refused their demands, and the overwhelmingly Protestant police did little to shield Catholic demonstrators from attack. In August 1969, the British Government sent troops to protect the Catholics. Amid worsening conditions, the moribund Irish Republican Army (IRA), a small extremist remnant from Anglo-Irish war days, revived and pressed for Irish unity. In 1970 the IRA split into Official and Provisional wings, the former using Marxist political activism and the latter armed violence to achieve their aims. As sectarian violence escalated, the Protestant and Catholic communities became ever more polarized. Judging matters to be out of control, the British Government ended local rule in March 1972 and began administering the North directly through a Northern Ireland Secretary of State.

British Policy

The British Government has stated repeatedly that it will support whatever constitutional status is preferred by a majority of the North's people—either as part of the United Kingdom or of a

united Ireland. Since 1972 the British have made various attempts to return local government to Northern Ireland, on condition that arrangements are "widely acceptable" to both communities.

At the December 1973 Sunningdale conference, leaders of the Protestant Unionist Party and the Catholic Social Democratic and Labor Party (SDLP) agreed to share power. The U.K. and Irish Governments were parties to the agreements, which also established a Council of Ireland to handle unspecified matters of concern to both North and South. But a British parliamentary election early in 1974 saw 11 of 12 Northern Ireland seats go to hardline Protestants pledged to undo Sunningdale. Thus emboldened, Protestant workers paralyzed the North with a general strike in April 1974, and the power-sharing executive fell.

The Irish Factor and Anglo-Irish Relations

Irish political parties generally have followed the constitutional, republican lead of the SDLP. All are committed to peaceful unification but with differences of approach.

Anglo-Irish relations reflect the Northern situation and the two governments' differing emphasis on the political/constitutional questions versus the need to combat the violence that has claimed so many victims and worsened an already badly depressed economic situation. Despite this, Anglo-Irish crossborder security cooperation has continued throughout.

Present Situation

October 1982 saw elections to a Northern Ireland Assembly to which, theoretically, powers gradually can be delegated, but only if agreed to by both communities. The SDLP won seats in the election but refuses to participate in the Assembly because there is no guaranteed provision for powersharing or for any institutional link with the South (the "Irish dimension"). The Assembly is thus effectively useless as a means of achieving accord. In May 1983, the SDLP joined the three southern political parties in participating in a "New Ireland Forum," convened by Ireland's Prime Minister Garret FitzGerald to make recommendations on resolving the Irish question. Northern Protestant parties, plus the nonsectarian Alliance Party, refused to participate.

In May 1984, after submissions from a wide spectrum of opinion (including informal presentations by Unionists), the

Human Rights in Romania

by Gary Matthews

Statement before the Subcommittee on Human Rights and International Organizations of the House Foreign Affairs Committee on May 14, 1985. Mr. Matthews is Deputy Assistant Secretary for Human Rights and Humanitarian Affairs.¹

I welcome the opportunity to testify for the Administration concerning the human rights situation in Romania.

The scope of today's hearings touches on two perspectives of the Department of State. The first perspective is factual: that is a function of the Department's responsibility for fact-finding, analysis, and submission of information to Congress and the public. This is done in the annual publication of the country reports on human rights as well as in provision of specific information requested by members and committees of Congress. Our goal in respect to Romania is to determine the facts regarding the country's human rights performance, and also to analyze developments in the overall context of the Romanian scene as well as human rights developments in the other countries of Eastern Europe.

The Department's second basic perspective touched on in these hearings works from our responsibility for the implementation of U.S. foreign policy. In carrying out policy, we maintain private dialogues—some closer than others; some more productive than others—with all the East European governments about bilateral and multilateral issues. Human rights concerns are a key element in all of our agendas in Eastern Europe, and encouragement of all possible improvement in human rights in the East European countries through dialogue and effective use of U.S. influence is a basic goal. The interplay between the factual background of the Romanian human rights situation and the use of foreign policy mechanisms to stimulate improvements in that situation hinges on the nature of our bilateral relationship with Romania.

Our relations with Romania are complex and well-developed. The two countries differ in size, levels of economic development, and scope of geopolitical responsibilities. Their political systems are radically different. However, they share a significant interest in ap-

proaching international security issues. From the U.S. side, this Administration and the three preceding it have looked to Romania's relatively independent foreign policy as a significant factor in the evolution of Eastern European relations with the Soviets. From the Romanian side, the facts speak for themselves. Romania has dissented from the Soviet line on significant Warsaw Pact and COMECON [Council for Mutual Economic Assistance] issues. Its Warsaw Pact military participation is more limited than that of any other pact country. Last summer, Romania was the only Warsaw Pact country to send a team to the Olympics. Romania has been the only pact member state to maintain normal diplomatic relations with Israel since 1967. In February it hosted Prime Minister Peres in Bucharest. Postwar emigration to Israel has reduced the surviving Romanian Jewish community from 400,000 to under 30,000; and Romania continues to allow more Jewish emigration than the Soviet Union which has a community more than 100 times larger. Last fall in the UN General Assembly, Romania's votes on important issues diverged more from Soviet positions than those of other East European countries.

Bilateral Relations and Human Rights

Romania's efforts to expand its independence are an important factor in our perceptions. So are human rights, and good working relations are an important vehicle in stimulating Romania's respect for human rights. Good relations have enabled us to make a difference in the Romanian internal scene. Due to U.S. expressions of concern, the Romanian authorities agreed in 1983 not to apply the education tax provisions of Decree 402/82, which would have required intending emigrants to repay higher education costs in hard currency. U.S. interest helped to secure the release from prison last summer of a leading dissident, Father Gheorghe Calciu, official licenses for some dissident Baptist pastors, undertakings that a Baptist congregation in the city of Oradea would receive a new church before its current building is demolished, and solution to some controversial family-reunification cases including that of Mrs. Niculina Iuga, wife of the U.S. Olympic Team's pistol shooting coach. Good relations encourage the Romanian authorities to show some tolerance for

forum reached an agreed "nationalist" position and a preference for any of three options: a unitary state; federal or confederal union; or joint Anglo-Irish sovereignty over the North. To date the forum's report has resulted in no new practical measures. A dialogue between the British and Irish Governments is, however, taking place.

Outlook

At issue are fundamentally conflicting aspirations within Northern Ireland. The Protestants, the majority of the population, fearing discrimination and eventual absorption, demand maintenance of the link to Britain and control in that part of Ireland. Northern Catholics maintain their dream of unity and strive for equality in fact (though equality is now largely guaranteed by law). Both communities long for peace, yet each has just enough extremists ready to kill for their aspirations so that the violence, polarization, fear, and economic distress go on. In these circumstances direct rule from London continues.

U.S. Policy

In annual St. Patrick's Day messages, as well as on other occasions, President Reagan has repeatedly stated U.S. policy on Northern Ireland: "It is not for the United States to chart a course for the people of Northern Ireland. We do have an obligation to urge our long-time friends in that part of the world to seek reconciliation between the two traditions in Northern Ireland and accommodation through democratic means."

The President has also said that "those who advocate or engage in violence and terrorism should find no welcome in the United States." He has asked all Americans "to refrain from supporting, with financial or other aid, organizations involved directly or indirectly in perpetuating violence." The President has urged that those Americans who wish to help "lend their support and contributions to legitimate groups and organizations which work to promote reconciliation and economic growth."

Taken from the GIST series of March 1985, published by the Bureau of Public Affairs, Department of State. ■

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unrecognized religious groups. They make it possible for officers of our Embassy to attend trials of individuals such as Dorel Catarama, a Seventh-Day Adventist prosecuted on economic charges. Our Embassy officers also travel throughout the country—including ethnic Hungarian areas—and meet with Romanian citizens—including ethnic Hungarians—with relatively few restrictions. Good relations mean that the Romanian authorities usually suppress their suspicions that our concern about human rights somehow represents an attempt to intervene in their internal affairs, and that they frequently respond to our requests for information about the status of individuals and are willing to discuss an increasing range of human rights issues. Many abuses remain, and successes often seem modest. From some other perspectives in Eastern Europe, however, the U.S. impact on the Romanian scene must appear more striking.

Romania's Human Rights Performance

We welcome the subcommittee's decision to hold these hearings, which support our efforts to stimulate improved Romanian human rights performance. We appreciate the subcommittee's concerns in calling the hearings. We share many of them.

The Department's country report on human rights for Romania contains a considerable body of information. May I suggest that it be included in the printed record of these hearings. I am also providing statistics on Romanian emigration performance which I suggest be included in the record. Additional material has been provided to the subcommittee staff for background. To avoid repetition, I would like to comment on overall developments and highlight a few specific issues.

The Romanian internal scene is harsh, and individual and collective liberties are severely limited. There is extensive state interference in religious affairs, including examples of official attempts to discourage the spread of fundamentalist Protestant groups. There are cases of people arrested and jailed for carrying Bibles and other religious materials. Intending emigrants qualified for admission to the United States and other countries sometimes wait years for passports, and must cope with sanctions and procedures designed to discourage emigration. Constitutional guarantees regarding the privacy of correspondence and telephone conversations are routinely ignored. Tough interrogations and

beatings by overzealous police, security officers, and prison guards are a problem. Living standards have declined in recent years, and last winter imposed considerable hardship on the Romanian people. The press is rigorously controlled, and there is little or no public availability of Western newspapers and periodicals. There are concerns about the degree of cultural freedom enjoyed by Romania's ethnic minorities.

Even so, repression has its limits. The Romanian scene is complex, with significant shadings of gray in areas of serious concern: emigration, religious rights, and minority issues. Relations between rulers and ruled in Romania have internal dynamics which in many cases soften the impact of repressive measures. For example, measures regarding registration of typewriters represented an attempt to curb samizdat works and unauthorized activities of intellectuals, but were impossible to enforce. There are requirements that Romanian citizens report conversations with foreigners, but the restrictions have never precluded candor by Romanian citizens, including dissenters, in conversations with foreigners. Similarly, admissions to seminaries are closely controlled, but national levels of religious observance are high and rising. That said, the Romanian scene is repressive, and the interplay is often rough.

Romania is a relatively transparent society in the sense that when arrests and detentions for political and religious reasons do occur, they tend quickly to become common knowledge within the country and in the West. International phone calls to dissidents and officially suspect individuals have frequently gone through. Radio Free Europe has an active dialogue with Romanian listeners.

Religion. We believe the religious rights scene in Romania is significantly uneven. The Romanian Government remains relatively tolerant of the 14 major recognized religious groups and there have been no signs in recent years of a serious countrywide attempt to suppress religion or any individual religious group. The Romanian Government has not undertaken a wholesale program of religious persecution, and many people practice their beliefs with scant hindrance. However, the authorities are apparently seeking to impede the growth of Protestant fundamentalism evident in Romania as well as other East European countries. We cannot condone or excuse the Romanian authorities' arrests of people carrying religious materials and other efforts to discourage the growth of unrecognized religious groups which the authorities judge to be objectionable.

Bibles and religious materials remain a source of friction between religious groups and the Romanian Government, which has severely restricted publication of religious materials in Romanian or the country's major minority languages (Hungarian and German), despite donations of paper from abroad. We believe that greater Romanian tolerance in allowing legal importation, printing, and distribution of modest quantities of religious materials should do much to reduce friction between the government and religious groups, as well as controversial arrest cases involving Bible smuggling. There are occasional cases of American citizens denied entry to Romania on grounds of carrying religious materials, while a Baptist lay leader, Constantin Sfatcu, was apparently detained April 19 following discovery of Bibles and religious materials in the car he was driving.

A Baptist church in Bistrita was reported demolished last year over building code violations. In Bucharest, the historic Vacaresti monastery, which dates from 1724, and the Mihai Voda monastery, dating from 1591, have respectively been demolished and are undergoing demolition due to construction of a government administrative complex. We believe the Romanian authorities should show more restraint in problems involving church structures.

There have also been some positive developments. Pastors Paul Negrut and Nicolae Gheorghita of Oradea recently received licenses to preach from the Department of Religious Affairs following nearly a year of discussions by the two pastors with the Romanian Baptist Union and Bucharest's Department of Religious Affairs over issues including residence permits. We understand that other licensed Baptist pastors—including Ioan Stef and Benjamin Cocar of Medias—are likely to receive licenses in the near future. Last September, the Oradea church of pastors Negrut and Gheorghita received notice of imminent demolition due to an urban redevelopment plan for the neighborhood. Demolition was postponed, however, and the congregation recently received assurances that it can continue to use the existing church until a new structure is completed. The congregation has also accepted a new site offered by the city and county authorities. This outcome followed extensive discussions by our Embassy in Bucharest with the pastors, the Baptist Union, and the Department of Religious Affairs, and between the Department of State and the Romanian Embassy in Washington.

There have also been positive developments in relations between the Roman Catholic Church and the Romanian Government, which consented last year to the appointment of a Catholic archbishop, Romania's first in many years.

The case of Father Gheorghe Calciu deserves special mention. Father Calciu, a Romanian Orthodox priest, was jailed in 1979 following his preaching of sermons critical of communism in Romania and involvement in an embryonic free trade union movement which was suppressed by the authorities. After nearly 5 years of U.S. and Western European expressions of concern, including many at high levels, Father Calciu was amnestied in August 1984. Since then, however, he has been under house arrest in Bucharest and has made clear that he wants to emigrate. The United States and other governments have indicated willingness to receive Father Calciu. We have advised Romanian officials that we believe the best possible outcome for all concerned, including the Romanian Government, would be to allow Father Calciu's emigration to a Western European country or the United States.

Emigration. Emigration has been a focus of bilateral discussion for a decade, and Romanian performance has considerably improved within the context of the authorities' continued "principled opposition" to emigration. The statistics have been encouraging. Some 21,284 Romanian citizens were issued immigration visas by the U.S., West German, and Israeli Embassies in Bucharest last year, the highest total since MFN [most-favored-nation] status was accorded to Romania and three times higher than the figures for 1975 or 1976. Some difficult family reunification cases of interest to the United States have been resolved this year: Mrs. Niculina Iuga was reunited with her husband in April. Also in April, Congressman [Gary] Ackerman visited Bucharest and the authorities cooperated in promptly resolving the case of Mrs. Mirella Cherciu.

Fodor Case. I would like to highlight one problem case which I know concerns Chairman [Gus] Yatron and other members present, and is of personal interest to a number of senior Administration officials. Georgeta Fodor and her son, Stefan, are the wife and child of Napoleon Fodor, the former Romanian Commercial Counselor in New York who defected in 1982. This is a sensitive matter for the Romanian Government, but we hope that passport

issuance for Mrs. Fodor and her son is a question of time. We have urged Romanian officials that this family has suffered enough in nearly 3 years of separation.

Ethnic Minorities. The Department is aware of reports that the rights of the Hungarian and other minorities in Romania are being denied. We have frequently discussed these issues with Romanian officials and are doing so in the ongoing Ottawa human rights experts' meeting.

The relationship between Hungarians and Romanians is complex and historically troubled. There are similar historic ethnic conflicts in many other countries of Eastern Europe, and conflicts of much greater magnitude within the Soviet Union. Some concerns advanced about the situation of the Hungarian minority in Romania appear to result from economic and social conditions affecting the entire Romanian population rather than from any discrimination. All substantiated information available to the Department suggests that the issue of limits on Hungarian cultural, educational, and religious opportunities in Romania is one of degree and not absolutes, and that an active ethnic Hungarian cultural life continues to exist in Romania.

It should be noted that emigration has diminished the cultural and educational life of Romania's other traditional minority groups, Germans and Jews: over 95,000 ethnic Germans have departed for the Federal Republic of Germany since 1975 and the remaining community numbers under 300,000, while emigration to Israel since World War II has reduced Romania's Jewish community by over 90%.

Contacts with the Romanian Government

We have privately told Romanian officials for years that we are in earnest about human rights, and that human rights abuses resulting either from policy or irresponsible acts by local officials are a serious matter which strain the capacity of the United States to maintain good relations. We press our human rights concerns with the Romanians on every possible occasion. Romanian officials have been willing to discuss our concerns—the 1980 and 1984 U.S.-Romanian human rights roundtables involving Romanian and U.S. officials and representatives of U.S. nongovernmental organizations offered useful opportunity for discussion of

specific issues. The U.S. and Romanian delegations to the Ottawa CSCE [Conference on Security and Cooperation in Europe] human rights experts' meeting are consulting closely regarding U.S. concerns over Romania's human rights performance as well as broader issues. In terms of form, Romania's approach to human rights dialogue has been good but not without problems: In April 1983 the Romanian Government extended an invitation to the Helsinki Watch Committee for a factfinding mission, and withdrew that invitation in September 1983, following the annual MFN hearings.

Progress on substance has come slowly. The structure of our bilateral relations is well adapted to furthering our human rights concerns, we believe we have made a tangible difference in the Romanian human rights situation, and we will continue to bend every effort to secure improvements in the situation.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

U.S. Urges Passage of Iran Claims Act

by Michael J. Matheson

Statement before the Senate Foreign Relations Committee on May 20, 1985. Mr. Matheson is Deputy Legal Adviser of the Department of State.¹

I want to thank you for this opportunity to testify in support of the legislation under consideration today, the Iran Claims Act. This bill was originally introduced in the 97th Congress as S. 2967 and in the 89th Congress as S. 1072. Recent developments in a suit brought against the United States make prompt action on the Iran Claims Act especially important at this time and we appreciate the committee's willingness to act with such short notice.

The Iran Claims Act contains several important provisions which authorize various agencies of the executive branch to act in furtherance of the settlement of claims between U.S. nationals and the Government of Iran pursuant to the Algiers accords of January 19, 1981. The bill would authorize the Foreign Claims Settlement Commission to adjudicate certain of those claims in the event they are settled by bilateral agreement between Iran and the United States. It would also authorize the Secretary of the Treasury to reimburse the Federal Reserve Bank of New York for its expenses as fiscal agent of the United States in the implementation of the Algiers accords and would maintain the confidentiality of certain records pertaining to the arbitration of claims before the tribunal. Finally, it would authorize the recovery from successful claimants of a portion of the costs incurred by the U.S. Government in connection with the arbitration of claims before the Iran-U.S. Claims Tribunal at The Hague and the maintenance of the security account from which successful U.S. claimants are paid.

I would like to review briefly for you the nature and function of the tribunal, the provisions of the proposed legislation, and the reasons why the Department of State strongly supports quick passage of the legislation.

The Tribunal

As you know, the need for the Iran-U.S. Claims Tribunal arose as a result of the Islamic revolution in Iran, the unlawful seizure of the U.S. Embassy in Tehran

on November 3, 1979, and the subsequent detention of American diplomatic and consular personnel for more than 1 year. As a result of these events, longstanding and extensive economic and commercial relationships between the two countries were abruptly destroyed. The extent of these relationships is reflected by the fact that U.S.-Iran bilateral trade in 1977 was \$5.7 billion. Contractual arrangements between the Government of Iran and U.S. nationals were breached and many American investments in Iran were expropriated. In response, many U.S. nationals with claims against Iran obtained prejudgment attachments in U.S. courts on a substantial proportion of the frozen Iranian assets in this country. The disposition of these private claims against Iran was a major issue in resolving the hostage crisis.

The Algiers accords, which led to the release of the hostages and the transfer of Iranian Government assets, also included provisions for the resolution of these private commercial claims of U.S. nationals against Iran. The accords created the Iran-U.S. Claims Tribunal to hear these claims against Iran. They also established a security account, initially funded at \$1 billion from blocked Iranian assets in the United States, to secure the payment of awards made in favor of U.S. nationals.

The tribunal is not available to the general American public. Rather, the tribunal and the security account are available only to a special class of U.S. nationals—those with claims against the Government of Iran, its agencies, and controlled entities which arise out of debts, contracts, expropriations, and other measures affecting property rights. In addition, the tribunal has jurisdiction to hear government-to-government contract claims, cases involving the interpretation of the accords themselves, and limited types of claims between U.S. and Iranian banks.

Over 85% of the tribunal's original caseload of 3,848 claims was filed by U.S. nationals. This included 518 claims for \$250,000 or more (the "large claims") and 2,795 claims for less than \$250,000 each (the "small claims"). Since its establishment in the summer of 1981, the tribunal has concentrated most of its efforts on resolving the large claims filed by U.S. nationals. Almost all of the 164 prehearing conferences and 135 hearings to date have dealt with large

claims and 179 of them have been resolved through adjudication, settlement, or withdrawal. Of these, 127 claims have resulted in payment from the security account of over \$343 million. During this same period, the tribunal has resolved 24 of the 70 government-to-government cases on the pleadings, 6 interpretive disputes (4 of which had significant consequences for U.S. national claimants), and 97 of the small claims (10 of which resulted in payment to U.S. nationals).

To give you an idea of the types of questions that U.S. nationals' claims present to the tribunal and the assistance which the U.S. Government provides to claimants, let me just mention a few of the issues which the tribunal has resolved. The first decision rendered by the tribunal held that settlements between arbitrating parties could be paid from the security account when the tribunal approves the settlement and issues an award on agreed terms. This decision, which resulted from an interpretive dispute between the two governments and was briefed and argued by State Department lawyers, has enabled many American claimants to resolve their claims against Iran in an expeditious manner.

The tribunal's next decision, also arising from an interpretive dispute between the two governments, was even more important for American claimants. The tribunal decided that interest earned on the \$1 billion security account should not be paid directly to Iran, but should continue to be credited to a separate suspense account which can be used to replenish the security account when necessary. To date, over \$400 million has been credited to that account, providing further assurance of immediate payment of tribunal awards to American claimants.

Other interpretive disputes between the two governments have resulted in tribunal decisions affecting large numbers of private claims. For example, the tribunal held it does not have jurisdiction over claims by one government against the nationals of the other. As a result of this decision, Iran withdrew over 1,400 claims from the tribunal. In another decision, the tribunal found that it had only limited jurisdiction over claims by Iran and Iranian banks based on standby letters of credit issued at the behest of numerous U.S. companies. In contrast, the tribunal has held that it does have jurisdiction over claims against Iran by U.S. nationals who are also citizens of Iran where their dominant and effective nationality is that of the United States.

In a number of instances, the tribunal has decided issues of major importance to private American claimants in the context of an individual claim. For example, in order to present a claim before the tribunal, U.S. corporations have to prove that they were organized under the laws of the United States and that the majority of their stockholders were citizens of the United States. Based on evidence developed through extensive efforts of the State Department, the tribunal established a presumption in favor of U.S. nationality for corporations which are widely held by resident U.S. shareholders. Although Iran has challenged this presumption by filing an interpretive dispute, the tribunal continues to apply the presumption in judging corporate nationality. (Parenthetically, the U.S. response to Iran's challenge cost about \$120,000 to prepare, including substantial Treasury Department computer time.)

In the context of other private American claims, the tribunal has resolved questions such as the proper standard of compensation for expropriations, the definition of government control of an entity, the tribunal's authority to award interest, and the status of partnership claims. In all these cases, the State Department submitted briefs and coordinated a U.S. position which was favorably received by the tribunal. With regard to the proper standard of compensation for expropriations, the tribunal agreed with the U.S. position that the traditional international standard of prompt, adequate, and effective compensation remained valid and rejected the Iranian argument that the law had changed to permit a lesser standard of compensation.

I do not mean to paint a wholly rosy picture of the tribunal. The tribunal's progress has not been smooth or consistent. Last September, in an action unprecedented in the history of arbitral tribunals, two of the Iranian arbitrators physically attacked one of the third-country arbitrators, Judge Nils Mangard, in the entryway to the tribunal. The two Iranian arbitrators not only refused to apologize for the attack, but they also threatened further physical violence if Judge Mangard returned to the tribunal. As you can imagine, the attack brought tribunal proceedings to an abrupt halt that lasted over 4 months. In response to a formal U.S. challenge demanding the withdrawal of these two Iranian arbitrators, the Government of Iran recalled them and appointed two new arbitrators. The new Iranian arbitrators assumed their positions in

January of this year, thus permitting a resumption of normal tribunal operations. There has also been a complete turnover in the third-country arbitrators over the past 9 months. In an encouraging development, the most recent selection of two new third-country arbitrators resulted by agreement between Iran and the United States. While we do not deny that there have been exasperating delays in arbitrating the private claims, we believe that the tribunal, particularly as presently constituted, will continue to make progress in resolving the outstanding claims of U.S. nationals against Iran.

The Proposed Legislation

The purpose of the proposed Iran Claims Act is to facilitate the adjudication of private claims against Iran and to permit the government to recover from successful claimants certain of its expenses related to the arbitration of those claims—expenses which would otherwise be borne by the general taxpayer. The proposed legislation contains five provisions, two of which are technical (Sections 4 and 5) and three substantive in nature (Sections 2, 3, and 6). The technical provisions are straightforward and require no further explanation. Section 4 prevents duplicative deductions from awards to successful claimants and Section 5 authorizes the Secretary of the Treasury to reimburse the Federal Reserve Bank of New York for its expenses as fiscal agent in the implementation of the Algiers accords.

Section 2. This section gives the Foreign Claims Settlement Commission (the "commission"), a component of the Department of Justice, standby authority to adjudicate any claims which are settled *en bloc* by Iran and the United States. As I mentioned before, 2,795 of the U.S. national claims originally filed were for less than \$250,000 each (of these, 2,698 remain pending). The adjudication of these small claims represents a tremendous workload for the tribunal. The tribunal has hired these senior legal officers and a law clerk to work exclusively on these claims. Even so, their adjudication could take years to complete. We believe that the commission could expeditiously adjudicate these claims and the United States has proposed that these small claims be settled *en bloc* between the two governments. While Iran initially agreed in principle, it has since been unwilling to negotiate such an agreement.

Although we cannot predict when such a settlement would occur, the actual granting of standby authority to the commission evidences our desire and readiness to reach an agreement with Iran which would decrease the burdens of the tribunal and speed the arbitration of the large claims.

Section 2 clarifies the statutory authority of the commission to adjudicate any claims settled *en bloc* by Iran and the United States. The section is necessary because the Commission's jurisdiction is limited by its enabling statute (Title 1 of the International Claims Settlement Act of 1949) to claims "arising out of the nationalization or other taking of property" of U.S. nationals. This jurisdiction is narrower than that of the tribunal which also includes claims arising out of debts and contract.

Section 6. Section 6 was added at the request of U.S. claimants to promote cooperation and coordination of U.S. positions before the tribunal. It allows the Secretary of State to maintain the confidentiality of records pertaining to the arbitration of private claims before the tribunal notwithstanding the provisions of the Freedom of Information Act. This section is not a secrecy provision. Rather, it is designed to enhance the effectiveness of the presentation of claims before the tribunal. It allows the sharing of documents and information by and between the U.S. Government and the U.S. claimant community, while at the same time preventing their public release through the Freedom of Information Act.

I would note that significant documents generated by the tribunal itself, including its awards, decisions, and important orders, are now publicly available both from the tribunal and the Department of State. We believe such openness is both healthy and useful, and have routinely been making available the pleadings and other submissions of the U.S. Government on matters of importance to the claimants. The purpose of Section 6 is to enhance such coordination with respect to certain other kinds of information such as might be contained in a statement of claim filed by a private individual or corporation.

Section 3. Under the Algiers accords, the two governments agreed to share the expense of the tribunal and the security account equally with the result that the United States incurs significant expenses. It contributes \$900,000 a year for the maintenance of the security account and a little over \$2

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million a year for the operations of the tribunal. In addition, the State Department and other government agencies spend about \$1 million a year to provide assistance to U.S. claimants, for a total annual U.S. Government expenditure of about \$4 million.

While the U.S. as a nation clearly benefited from the Algiers accords and the continuing peaceful resolution of U.S. and Iranian disputes, the bulk of the government's expenditures are incurred in providing a special benefit to a clearly identified group of U.S. nationals—those with private claims against the Government of Iran. As I have already noted, about 85% of the tribunal's caseload is based on these private claims and much of the State Department's expenses relate to services provided private claimants. For those claimants whose claims are under \$250,000 each, the Department prepares and presents to the tribunal legal briefs on their behalf. To date, we have submitted over 62 Supplemental Statements of Claim, containing more than 16,000 pages of text and evidence. We have also negotiated settlements which resulted in payments to 10 small claimants.

To assist the large claimants, the Department monitors tribunal activities, analyzes Iranian factual and legal arguments and prepares and presents U.S. positions on significant issues common to large numbers of claimants. The U.S. agent and deputy agent in The Hague devote almost all of their time to private claimants. One of them is present at virtually every pre-hearing conference or hearing to assist the private attorneys. Equally important, prior to these conferences of hearings, the agent or deputy agent briefs private attorneys on procedural and substantive matters, advising on tactics and methods of presenting their claims. Their assistance, according to many private claimants, is invaluable.

We believe it is reasonable for successful claimants to bear the costs of the mechanism for which they benefit. Section 3 therefore authorizes the deduction of 2% from any payment made from the security account in satisfaction of an award of the tribunal in favor of a U.S. national.

This provision is consistent with long-standing U.S. governmental policy of requiring payment for the provision of special benefits to specific classes of Americans. The adjudication of claims against foreign states has traditionally been a special benefit provided only to certain classes of people. Since 1952, the

U.S. Government has generally deducted 5% from awards made by the Foreign Claims Settlement Commission to U.S. nationals in satisfaction of claims against foreign governments in order to recover the costs incurred by the commission in adjudicating their claims. We recognize that there are differences between arbitrating claims before the tribunal and before the commission, but the differences do not negate the principle we are discussing. Like the commission, the tribunal and the security account were established to provide a special service to a special class of Americans.

There is no question that U.S. nationals have benefited from the tribunal and the security account. Of the 176 awards issued to date, 128 have resulted in payment to U.S. nationals within weeks, if not days, of the issuance of the tribunal's award. The payments have been for the full amount of the award and, in at least 14 cases, the claimants received 100% or more of the amount claimed. The claimants did not have to go looking for assets to attach in satisfaction of their judgments nor did they have to worry about the proscriptions in the Foreign Sovereign Immunities Act, as they would have had to do in the absence of the tribunal and the security account.

The "small claimants" (those with claims for less than \$250,000 each) particularly benefit from the legislation. Not only does it provide standby authority for adjudication by the Foreign Claims Settlement Commission (which I mentioned before), but it provides it at a fee significantly less than that customarily charged by the commission under comparable circumstances. Even in the absence of an *en bloc* settlement of the "small claims," these claimants benefit by the existence of the tribunal as a forum for resolution of their claims and the availability of the security account for payment of their awards. The committee should also note that, as provided by the Algiers accords, the U.S. Government prepares and presents the claims of *all* small claimants before the tribunal.

As you know, the government has been deducting 2% of the amount awarded to each successful claimant from the security account since June 1982. The deductions are made pursuant to a directive license issued by the Treasury Department under the Independent Offices Appropriation Act—a general user fee statute. At the same time as the Treasury Department issued the directive license, the Administration submitted the Iran Claims Act to Con-

gress because we believed that Congress should decide on an appropriate fee structure.

In the absence of specific congressional approval, the validity of the directive license was challenged by one of the successful U.S. claimants in the U.S. Claims Court. In a recent oral ruling, Chief Judge Kozinski indicated that the directive license was invalid on the grounds that it did not meet the requirements of the Independent Offices Appropriation Act and that he would order the government to return the 2% collected from that particular claimant.

Judge Kozinski's ruling results in a potentially chaotic situation. First, the ruling calls into question the government's ability to continue collecting the 2% fee, even though the current litigation is for monetary damages, not an injunction against further collection of fees. Second, the litigation was brought by only 1 of the 121 U.S. nationals who have received awards from the security account to date and was not certified as a class action on behalf of the others. Thus, the United States will likely be faced with a barrage of suits from the remaining successful U.S. claimants, seeking to recover the 2% fee which was deducted from their awards. In fact, at least three suits were filed within 1 week of the oral ruling and a number of other claimants have indicated their intention of filing suit.

Action on the legislation is therefore particularly important at this time to rectify the situation and to preclude a loss of revenue. Since the establishment of the tribunal and the security account, the government has spent some \$12 million; it will continue to expend about \$4 million annually. Based on the directive license, the government has recovered \$6.8 million. That amount represents only the U.S. share of the cost of maintaining the security account and about one-third of the U.S. contribution to the tribunal's operating expenses to date.

The amount recovered to date clearly has not covered all U.S. Government expenditures. In part this reflects the fact that some of the government expenses relate only to the prosecution or defense of the government-to-government claims and certain of the interpretative cases. The U.S. agencies involved considered a number of methods of apportioning the government's costs among claimants. We continue to believe that the flat 2% rate is, on the whole, most equitable and efficient.

We recognize, however, that there is serious disagreement with our position

U.S. Security Measures in Beirut

by Robert E. Lamb

*Statement before the Subcommittees on Europe and the Middle East and on International Operations of the House Foreign Affairs Committee on June 13, 1985. Mr. Lamb is Assistant Secretary for Administration and Security.*¹

on the part of some claimants and we believe that the decision is one to be made by Congress. The two-tier approach proposed by Senator [Daniel J.] Evans in the revised legislation reflects a compromise which the Administration is prepared to accept. It will require a refund to the claimants of \$2.4 million of the amount already collected and will reduce the amount ultimately recovered by about one-third. Nonetheless, the United States would be reimbursed for a substantial proportion of tribunal-related expenses (although it is difficult to determine the exact amount since the size and distribution of future awards cannot be predicted with any certainty). Moreover, the proposal preserves the principle that claimants should bear their proportionate share of the expenses incurred in providing them with a forum and a source of funds to satisfy their claims against Iran.

I would like to add one technical point. The two-tier approach will require the Federal Reserve Bank of New York to calculate the amount to be deducted from awards. In the normal case, this will cause no difficulty, since the amount awarded to a specific claimant in a specific claim will be readily identifiable. Where, however, the tribunal makes more than one award in one claim (for example, where it first renders a partial award and subsequently renders a final award), the revised legislation would direct the bank to aggregate those awards in calculating the deduction. If the tribunal renders an award covering more than one claim without specifying the amount awarded in each claim, we would expect the bank to calculate the fee based on the total amount awarded.

Conclusion

In sum, we think that prompt passage of the Iran Claims Act is essential. The legislation will allow the government to more effectively represent the interests of U.S. nationals and will facilitate the adjudication of the small-claims in the event of a lump sum settlement with Iran. In addition, we believe that the legislation fairly allocates to the claimants the costs incurred by the government in providing them with an effective forum for the resolution of their private financial disputes with Iran and access to a source of funds from which to satisfy their awards.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Thank you for giving me an opportunity to speak with you today about the security of U.S. personnel and installations in Beirut. Lebanon remains important for the United States. Lebanese developments affect U.S. policies and positions throughout the Middle East. They affect our relationship with Israel and the wider prospects for the peace and stability in the region.

Representing and furthering these interests require an effective diplomatic mission in Lebanon—despite the continuing terrorist threats. To know what is happening in Lebanon and to influence it in a positive way requires an effective embassy making good use of its limited human and material resources.

In addition to important reporting and diplomatic responsibilities, the mission also provides essential consular services for the American community in Lebanon—which we estimate includes about 1,000 U.S. citizens.

Closure of our Embassy in Beirut could also send a message to the terrorists that their tactics pay off. Such a message would encourage them to step up attacks on U.S. personnel and facilities in other areas.

Lebanon is a moderate Arab country with traditionally close relations with the United States. U.S. support for the Lebanese Government's efforts to reassert its sovereignty and to restore order is an essential feature of U.S. policy.

Sadly, Beirut is a dangerous place to live and work today, and especially so for Americans. The successful pursuit of our objectives depends in part on our willingness to face these dangers. We are doing our best to provide as much protection as possible to our personnel and to our facilities. We constantly weigh these measures against the level of threat.

In November 1984 the Secretary determined the number of people which are necessary to accomplish the Embassy's mission in Lebanon. The Department has periodically reassessed this staffing level based on policy requirements and the security situation. In fact,

twice during this period the number of personnel was temporarily reduced. We shall continue these reassessments.

The Department has continued its efforts to improve perimeter, vehicular, personnel, and operational security at our facilities in Beirut. Security at our mission in Beirut is tight.

The Ambassador's residence in Yarze contains a communications facility and has served as the *de facto* Chancery since September. We have substantially upgraded its security by adding heavily armed guards, roving patrols when the Ambassador is at Yarze, rigid inspections at vehicular and personnel checkpoints, APCs [armored personnel carriers], chicanes, and blocking barricades.

Despite these measures, the residence is not invulnerable. The residence has been hit by small-arms fire and shrapnel from rocket rounds several times over the last several years. The Yarze compound is located within the LAF [Lebanese Armed Forces] security perimeter for the Presidential Palace and the Ministry of Defense; we believe these stray rounds were probably directed at these Lebanese targets.

Since the September 1984 bombing of the Baaklini Annex, all classified operations and most Americans have been located at Yarze. However, working under these crowded conditions is extremely difficult. The commute to work at Yarze takes about an hour. The post now has 9 fully armored vehicles and 14 light armored vehicles to transport the American staff to and from work.

We have leased temporary office space, which we call the "TOS." This facility is collocated with the Baaklini Annex. A comprehensive security package is being installed at the TOS. The security measures should be complete and the building ready for occupancy in early July. We will not move into the TOS until the entire security package is in place and operational. All American staff, except for some administrative and security personnel, will then be relocated to the TOS.

Moving to the TOS is a short-term solution. We believe that the most secure long-term option is to relocate to Baaklini. This makes sense from an operational and from a security perspective. Having embassy operations split between Yarze and the Baaklini compound presents obvious internal management problems. The residence at Yarze is not big enough to accommodate the

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embassy staff, nor is it appropriate as an office building. We can also provide greater security at Baaklini; it has in place a hardened security perimeter and it is located in one of the least vulnerable areas we have found in Beirut. Historically, there has been less shelling in the Baaklini area and a permanent move there would reduce the stray shelling we have experienced at Yarze. Also, since most of the Americans in Beirut live near the Baaklini compound, the commute to and from work would be reduced significantly.

Reconstruction of the Baaklini Annex is scheduled for completion in December 1986. An elaborate perimeter security system has been installed at the annex. This perimeter security package includes personnel and vehicular denial systems, including early warning devices such as alarms, CCTV, and mass notification systems; and berms, hedgehogs, trenches, drop-bars, vehicle barriers, chicanes, bollards, and heavily armed guards. The LAF provides a redundant perimeter security package which even further enhances our security.

The Porfin Compound in west Beirut is protected by contract guards. Currently, no Americans work or visit the area because of the threats to our personnel and because of fighting in the area. We have no plans to reoccupy this facility in the near future. All perimeter security has been completed for this building complex.

We have increased our liaison with the host government elements in Beirut to ensure that the flow of information on the threat situation is unhindered. We have fine-tuned our evacuation planning with the Department of Defense. Personnel traveling to and from post are transported via U.S. military helicopter to avoid use of the commercial airports in west Beirut.

As you can see, we have implemented a comprehensive security package to protect our personnel and facilities in Beirut. We have not been idle since the September 1984 bombing in Beirut. We have put to use the costly lessons we have learned since the tragic bombing. We have:

- Clarified the security chain of command and established clear accountability for security within the chain of command;
- Streamlined the procurement and funding of security equipment;
- Launched a program with the National Academy of Sciences to develop structural, architectural, and security standards for the "embassy of the future";

- Improved coordination with U.S. regional military commands on security responsibilities;

- Accelerated physical security barrier research and development;

- Led multiagency security surveys of the highest threat posts to identify and implement needed security improvements;

- Accelerated the Foreign Buildings Office's construction schedules to build new, safer embassies in 13 high-threat locations;

- Begun installing safety film on all office windows to reduce the effects of blast-propelled glass and debris—we are further researching the potential use of special glass for office windows;

- Established policies that new embassy buildings will be set back at least 100 feet and no embassy will be occupied until all security is in place;

- Briefed and drilled our personnel regularly on emergency reactions;

- Increased the number of Marine security guards, security engineers, and security support personnel worldwide—every high-threat embassy in the world will now have its own RSO [regional security officer]; and

- Reduced our reliance on firepower and placed more reliance on effective passive measures; i.e., vehicular barriers, bollards, gates, and the like.

Every morning the Secretary of State meets with us to discuss security concerns; when he is not in town the Deputy Secretary holds the briefing. The security of our personnel and facilities is a major and continuing concern.

In spite of the measures we have taken and those we will take, we have no illusions about the dangers we face from terrorists. We also face risks of being caught in the cross-fire between warring elements in Beirut. We anticipate possible attacks against us but feel we have taken prudent steps to reduce our risks. We have prepared for the worst. But are hopeful that the results of our efforts will blunt attacks against us.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Visit of Jordanian King Hussein

His Majesty King Hussein I of the Hashemite Kingdom of Jordan made an official working visit to Washington, D.C., May 28-31, 1985, to meet with President Reagan and other government officials. Following are remarks by President Reagan and King Hussein after their meeting and dinner toasts by Secretary Shultz.

REMARKS AFTER MEETING, MAY 29, 1985¹

President Reagan

I have just concluded a very useful meeting and lunch with King Hussein. We all recognize that the positive atmosphere which has developed in the Middle East recently can be credited in great measure to His Majesty King Hussein. Steps he's taken over the last year gave new momentum to the search for peace.

Our discussions today have provided further evidence of Jordan's commitment to a peaceful resolution of the Middle East conflicts, which should prompt a sense of gratitude from men of good will everywhere.

The United States has long played a central role in the Middle East peace process. We're proud of what we've helped accomplish, and we look forward to continuing to make meaningful contributions. But we hope that His Majesty's courageous steps forward can lead to direct negotiations between the parties, based on UN Security Council Resolutions 242 and 338, by the end of this year. And we'll do our part to help bring this about.

Our goal remains a just, lasting, and comprehensive peace which will satisfy the legitimate rights of the Palestinian people and provide for the security of all states in the region, including Israel.

We recognize Jordan's economic and security needs. And in the spirit of working together, I have told the King that he will be able to count on the United States for assistance in addressing problems which Jordan may face in those areas.

We're pleased and proud to have had His Majesty here with us today.

King Hussein

I have had a full, friendly, and useful discussion with the President on all issues of mutual concern.

Regarding the prospects of peace in our area, I have told the President that a just, comprehensive, and durable peace in the Middle East should secure the legitimate rights of the Palestinian people, including the right of self-determination within the context of a Jordanian-Palestinian confederation.

I have also assured the President that on the basis of the Jordan-PLO [Palestine Liberation Organization] accord of 11th February and as a result of my recent talks with the PLO and in view of our genuine desire for peace, we are willing to negotiate, within the context of an international conference, a peaceful settlement on the basis of the pertinent UN resolutions, including Security Council Resolutions 242 and 338.

We are offering a unique opportunity for peace which might not be with us for long. I hope the United States, under the courageous and dedicated leadership of President Reagan, will find a way to seize this opportunity and respond positively to our peace efforts. The active and balanced role of the United States is an essential element for the success of the peace process.

I should like to thank the President for his hospitality and kind words and wish him continued good health and every success.

SECRETARY'S DINNER TOAST, MAY 29, 1985²

O'Bie and I are pleased and honored to extend our welcome to our good friends, King Hussein and Queen Noor. This occasion offers us a chance to thank them for their gracious hospitality to us a few weeks ago in Aqaba; it is also an opportunity to pay tribute to the important and long friendship between Jordan and the United States.

Four days ago, Jordan celebrated the 39th anniversary of its independence. Two days ago, Prince Faisal graduated from Brown University, the happy occasion which brings Their Majesties to the United States. This is a time of remembering, and also a time for looking ahead to the future—to Faisal's generation and the generations after.

Your Majesty, your statesmanship is cause for admiration, and your leadership is cause for hope. You have defied



(White House photo by Pete Souza)

the skeptics and the nay-sayers to produce positive and practical movement toward peace. Your wisdom and foresight have provided leadership in your historic but troubled region.

We have discussed today some of the thorniest issues that plague the Middle East. And we have seen progress. We applaud your efforts; we endorse your dedication; and the United States shares your determination to bring to reality a just, comprehensive, and lasting peace.

Let me list the practical steps which you have taken in recent days and weeks. We recognize them as real achievements, and they are winning Jordan ever-widening support among those in countries around the world who hope for peace in the Middle East.

- You have restored full diplomatic relations with Egypt, which in turn maintains its peace treaty with Israel.

- You have reminded us once again that time is a wasting asset, that peace is not something for endless talk but for action—now—this year.

- You have affirmed a willingness for negotiations, with a Jordanian-Palestinian delegation on one side and Israel on the other, in a supportive international context. We will continue to work on resolving our differences regarding how best to provide that context.

- You have spoken eloquently of the need to secure the legitimate rights of

the Palestinian people, within the context of a Jordanian-Palestinian confederation.

- You have reiterated your own desire, and that of your Palestinian partners, for a peaceful settlement on the basis of the pertinent UN resolutions including Security Council Resolutions 242 and 338.

- Finally, you spoke of your readiness to proceed in a nonbelligerent environment.

The road to peace is a long one. Many steps must be taken with care to see that we stay on course. I assure you that Jordan will not travel that road alone. The cause is too important, the alternatives too costly to contemplate otherwise. While we may have much still to discuss regarding how we can best arrive at our shared goal, we agree on the destination. We also agree on the starting point: we must start with Resolution 242, with which, we can note, the President's September 1 initiative is fully consistent. Please know that you have a strong and determined partner on the road to peace. This journey will have many obstacles, but I am convinced that the time is right for us both. We look forward to working closely with you.

¹Made in the Rose Garden at the White House (text from Weekly Compilation of Presidential Documents of June 3, 1985).

²Press release 120 of May 30, 1985. Dinner hosted by Secretary and Mrs. Shultz in the Ben Franklin Room at the State Department. ■

Visit of Tunisian President



White House photo by Pete Souza

President Habib Bourguiba of the Republic of Tunisia made an official working visit to Washington, D.C., June 14-26, 1985, to meet with President Reagan and other government officials.

Following are remarks made by President Reagan and President Bourguiba after their meeting on June 18.¹

President Reagan

I've enjoyed this opportunity to exchange views with one of the great liberators of modern day Africa. President Bourguiba of Tunisia is a statesman whose influence extends far beyond the boundaries of his own country, a man of dignity and honor. And today he and I discussed issues of particular concern to our two governments and peoples, including developments in the Maghreb and the situation in the Middle East.

The United States and Tunisia share common interests and common values, including a belief that international relations should be based on mutual respect, reason, and cooperation, not subversion and coercion.

The United States remains firmly committed to the sanctity of Tunisia's territorial integrity and to the principle of noninterference in its internal affairs. We welcome the evolution of closer relations between the states of the Maghreb within such a framework.

President Bourguiba and I also discussed the present state of affairs in the Middle East and the efforts to maintain momentum toward a regional peace.

Historically, you have supported a constructive approach to ending the turmoil that has plagued the region for decades. We hope you will again use your influence to support those who are taking the steps necessary for direct negotiations based on UN Security Council Resolutions 242 and 338.

As you know, the goal of this Administration remains a just, lasting, and comprehensive peace which will address the legitimate rights of the Palestinian people and provide for the security of all states in the region, including Israel.

Your visit reaffirms the underlying strength of the bond between us and the warmth of our friendship. It has been a great pleasure to review with you our past exemplary ties. We're confident that the good will between us will flourish in the years to come. Tunisia can rely on the continuing support and friendship of the United States of America.

Mrs. Reagan and I wish you and Mrs. Bourguiba Godspeed on your journey home and on the great endeavors in which you will continue to lead Tunisia.

President Bourguiba²

I should like, first of all, to tell you how happy I am to be once again in the United States, this great nation, friend of Tunisia.

My visit, at the invitation of President Reagan, has deep significance for me since it stresses, once again, the exemplary nature of the friendly relations between Tunisia and the United States that have been between us for so long.

I should like to express my heartfelt thanks to President Reagan, as well as to his administration of the American people, for the extremely warm and friendly welcome extended to myself and to my delegation since we arrived in Washington. I am deeply touched by this exceptionally friendly greeting and welcome, and I am very impressed, also, to find the President so fit. I am also very impressed by his very sharp and acute analyses and perceptions.

Together we carried out a review of bilateral relations between us. We are gratified by the positive trend of those relations. We are agreed upon the ways and means to give them more impetus and greater diversification.

Together, also, we have carried out a survey of international and regional problems of interest to our two coun-

tries; more specifically, we have looked into the situation in the Maghreb, the Middle East, Africa, and the Mediterranean area. More specifically, President Reagan and I took up the evolution of the Israel-Palestinian conflict.

Since in 1965 I had first called upon parties concerned to show realism and to accept the UN legal framework as a basis for settlement; 20 years later I remain convinced that this approach remains the only honorable one for all, and 20 years later the Arabs are sorry that they did not accept this approach. At the Fez Summit, the Arab community had the great merit to give its support to this approach, and now it remains for the other party—Israel—to resolve to choosing a realistic and peaceful policy.

It remains, nevertheless, that true to our policy of noninterference in the internal affairs of other countries and respectful of the free choice of the Palestinian people, Tunisia will bring its support to any initiative of peace that the Palestinians themselves will deem the most appropriate to recover their legitimate rights and set into motion a just and durable peace in the region.

In this connection, may I stress how close our views are, and I'm personally very gratified that President Reagan's and my views are so close on these issues. I'm also happy to observe that President Reagan is motivated by a sincere will to work for relaxation of tensions, peace, and security in the world.

I also use this opportunity to recall to President Reagan what are the essential and permanent principles of the foreign policy of Tunisia based upon dialogue and peaceful coexistence among states, strengthening of peace and stability in the world, and supporting all just causes.

And finally, I should like to express to President Reagan my best wishes for his personal happiness and health and ask him to convey to the American people a message of friendship and esteem from the Tunisian people.

¹Made to news correspondents assembled at the South Portico of the White House (text from Weekly Compilation of Presidential Documents of June 24, 1985).

²President Bourguiba spoke in French, and his remarks were translated by an interpreter. ■

Links Between International Narcotics Trafficking and Terrorism

by Clyde D. Taylor

Testimony, including country reports, before a joint session of the Senate Committees on Foreign Relations and the Judiciary on May 14, 1985. Mr. Taylor is Deputy Assistant Secretary for International Narcotics Matters.¹

The Department welcomes this opportunity to testify on the relationships between narcotics trafficking and international terrorism. As requested, we are providing testimony on the linkages between drug trafficking, political insurgency, and terrorism. Also as requested, our testimony gives special emphasis to these linkages as they occur in the Western Hemisphere and the Middle East.

Increasingly, international narcotics control efforts are impeded by violence, subversion, and corruption. The fact which we emphasize to your committee is that this violence has increased because our cooperative efforts with the source nations are beginning to have an effect on trafficking operations. A further fact which we want to establish with your committees is the identity of those groups and persons who attempt to undermine our efforts. We will report on the groups which hold in common the use of violence and a relationship to the narcotics trade—including groups which finance their terrorist actions through profits derived from the narcotics trade; groups which are actively engaged in narcotics trafficking and use terrorism to enhance or sustain their positions; and, groups randomly organized by narcotics traffickers who resort to violence and other terrorist type activities to protect and enhance their criminal enterprise.

In many narcotics producing countries, organizations which describe themselves as political insurgents quite frequently use terrorist tactics and have become involved directly or indirectly with narcotics production and trafficking. There are links between drug trafficking, arms smuggling, and terrorist groups; and, frequently, when you find the one activity you find the others, especially in the Middle East. We have also seen some indications of state-sponsored narcotics trafficking. In a few instances, the further indication is that certain of the communist countries have

engaged to some degree in facilitating narcotics trafficking.

But, another fact which we would like to establish before your committee is that narcotics trafficking, in Latin America, in Asia, in the Middle East, and in Europe, is dominated by narcotics traffickers who are governed only by their greed and whose only ideology—if it can be called one—is the pursuit of profit. Most of these groups cannot be called terrorists, or even political insurgents, nor do we have evidence of a general communist conspiracy to use drugs to undermine Western democracies, or our own society in particular.

Terrorism is commonly defined as the use of violence and the threats to use violence as a political weapon to achieve control, to influence government policy, and/or to destabilize and even overthrow governments. When we speak of terrorism, we generally refer to groups such as the Red Brigades of Italy, the Red Army faction in Germany, Armenian terrorist organizations, and others. When we speak of state-sponsored terrorism, we generally refer to the practice of Iran, Libya, and a few other governments to employ state-sponsored violence as a weapon, usually by surrogates, to achieve political objectives.

Consequently, the legal definition of terrorism cannot be used to describe narcotics traffickers and their organizations, although the tactics they use at times are equal to, or exceed, those of terrorist organizations.

However, while most of the groups involved with narcotics trafficking or production do not meet the legal or traditional definitions of "insurgents" or "terrorists," the fact is that the use of planned, sophisticated, high-threat violence to achieve goals interests, even in the absence of a political agenda, is terrorism, and has been so labeled in Peru, Colombia, and Mexico by most observers.

Moreover, the increasing use of violence against international drug control efforts, regardless of the source, as well as the dealing in drugs for arms, and the financing of terrorist and other political insurgencies through illicit narcotics activities, pose severe threats to the national security of the producer nations and to the prospects for successful international narcotics control.

The recently published annual United Nations International Narcotics Control Board report was correct in saying that the "very security of some states is threatened." Indeed, the sheer financial power of these trafficking organizations has threatened the political *status quo*, with traffickers using their millions of dollars to influence political decisions, even to elect representatives of trafficker interests to national congresses, to buy newspapers and radio stations, and to launch high-powered public relations initiatives. Recently, Deputy Prime Minister Musa Hitam of Malaysia stated that the most severe national security issue he faces today is narcotics. His nation is prepared to combat the problem as if it were an enemy invasion. In some countries, small armies have been built up around narcotics production and trafficking organizations, which add the perils of coercion, intimidation, and death to the pervasive corruption and erosion of governmental institutions that always accompanies narcotics.

In his well-received September 14, 1984, speech on narcotics control in Miami, Secretary of State George Shultz stated that he believed that the growing narcotics network was part of a trend toward international lawlessness which has been increasing dramatically during the past two decades. Comparing the traffickers' blatant disregard for international principles and law, Secretary Shultz called them "modern pirates." He said, and I quote, "the modern versions of piracy are narcotics trafficking, terrorism, and similar kinds of outlaw behavior. Not surprisingly, there is ample evidence that shows that all these different types of lawlessness are linked. Money from drug smuggling supports terrorists. Terrorists provide assistance to drug traffickers. Organized crime works hand in hand with these other outlaws for their own profit. And what may be most disturbing is the mounting evidence that some governments are involved, too, for their own diverse reasons."

We have come to understand that narcotics trafficking is, as Secretary Shultz maintained, a key element in global lawlessness which includes terrorism, insurgency, violence, and a simple disregard for human values. New links between narcotics traffickers and other kinds of organizations are continually confirmed, and all too frequently we are compelled to witness the havoc that the modern-day version of pirates have wrought upon the international community.

NARCOTICS

In April 1984, the increasingly successful Colombian actions against narcotics traffickers, especially the Caqueta raid in March which netted 10 tons of cocaine, prompted the narcotics traffickers to contract for the machinegun killing of Justice Minister Lara Bonilla. On April 8 this year, two other men also on motorcycles assassinated Criminal Court Justice Alvaro Medina-Ochoa outside his residence in Colombia. In Peru, 19 workers in the U.S.-supported eradication program were brutally slain in a terrorist-style attack that was probably the work of the narcotics traffickers. In February, the ringleaders of the Mexican narcotics trafficking networks conspired to kidnap and then killed DEA [Drug Enforcement Administration] Agent Enrique Camarena.

We have also seen how political criminals are increasingly turning to narcotics smuggling as a way to finance their operations. In November 1984, our FBI [Federal Bureau of Investigation] discovered a plot to assassinate the democratically-elected President of Honduras. The group of dissidents, including a Honduran General, planned first to sell large amounts of cocaine and then use the proceeds to attempt to overthrow the government.

In sum, then, there is no question but that our ever intensifying efforts are being challenged with equal intensity by well-armed, well-financed, narcotics trafficking organizations, nor any question about their willingness to use murder and assassination as tools of opposition. Moreover, there is no question but that the lucrative narcotics trade is attracting political insurgents, or that terrorists are attempting to exploit the unrest caused by government suppression of narcotics farming.

However, while we view the connection between narcotics and political-type terrorism with considerable disgust and concern, we would not want to leave the impression that the elimination of these traditional political terrorist connections, insurgent connections, or even government-sanctioned trafficking, would dramatically reduce, in the short term, the availability of worldwide narcotics supplies. Nor is it our intent to blame the entire or major part of the illicit narcotics supply problem on communist-inspired insurgencies, other political insurgencies, or terrorism. Rather we seek to underscore the importance of this issue and the difficulties it creates for many nations as well as our anti-narcotics program.

Thus, although the magnitude of drugs traded by political insurgents or

terrorists do not appear to be large, the rewards are extremely significant and threatening. A profit of \$20 million, even \$5 million, not large by international narcotics standards, can buy an election, finance a supply of arms for insurgency, and, in sum, destabilize legitimate governments and subordinate democratic processes.

Again, the fact is that the narcotics trade predominantly originates in friendly or allied countries, and is predominantly controlled by groups and individuals whose primary motivation is financial, not political. And, elimination, through arrest and prosecution, of the narcotics gangs, the entrepreneurs like Roberto Suarez in Bolivia; Pablo Escobar and Carlos Lehder in Colombia; and Caro Quintero, Ernesto Fonseca, Mata Ballasteros, and Felix Gallardo in Mexico—the *padrones* who control the traffic and hire the gunmen—would very definitely impact upon drug production in those countries. Three of the four drug kingpins in Mexico have been arrested and are in jail, and leading traffickers are being aggressively pursued in Mexico and other countries.

We have attached to this oral statement a detailed report on specific country situations. I will conclude my remarks by offering a brief summary of those situations.

The threat of terrorist-style attacks by narcotics interests upon narcotics control program officials and workers is probably highest at present in Colombia and Peru, but we are concerned about the increased possibility of such attacks as control programs expand in Burma, Bolivia, and Jamaica, and remain concerned about the narcotics-related lawlessness in some parts of Mexico. Narcotics trafficking most clearly involves political insurgents in Burma and Colombia. The involvement of traditional terrorist groups in the narcotics trade remains most pronounced in Europe and the Middle East. Possible state-sanctioned involvement in the trade continue to include Bulgaria, Cuba, and Nicaragua.

As I said at the outset, we expect these threats and even attacks to increase as international narcotics programs continue to expand and improve. The Department of State has said quite frankly that such attacks will not diminish our determination to bring this problem under control.

COUNTRY REPORTS

Latin America and the Caribbean

Bolivia. Bolivia has more trouble with sheer lawlessness and violence derivative from the narcotics trade rather than with direct linkages between narcotics traffickers and ideologically motivated terrorists, which are not known here. A climate of lawlessness prevails in certain areas of Bolivia, especially the Chapare, an area which is the size of New Jersey and, until recently, has been completely at the mercy of traffickers who have the arms and wealth to control territories.

Narcotics traffickers intimidate and at times kill Chapare peasants who do not wish to cooperate in the production and trafficking of narcotics. Nor are narcotics police immune to attack; a group of seven policemen were murdered in 1982 when it appeared the government would increase control efforts. There has also been widespread harassment directed against civilians, mainly peasants, and against any who challenge the narcotraffickers' domination in the Chapare region. For several years, there was no recourse to police protection, because no law and order presence had been established in principal coca growing regions. Since February 3, 260 antinarcotics police have been permanently stationed in the Chapare, and a special mobile police unit has begun raids in the Cochabamba area. These units have recorded the first significant narcotics seizures in Bolivia in several years.

Violence among the traffickers is growing. There are hundreds of well-armed traffickers and the rivalries among them often result in murders, vendettas, and other violence which spills over into other sectors. This type of violence is becoming more common, especially in the city of Santa Cruz, a habitat for many in the "cocaine Mafia."

There have been persistent rumors that members of both the far left and the far right are involved in and financing political activities through trafficking, arms smuggling, and other related illegal activities. Bolivia's endemic political instability offers such politically motivated and corrupt elements of society an opportunity to foster links between narcotics traffickers and radical politics, left or right.

Related to the above concerns is the presence of "paramilitary thugs" in the Beni and Chapare areas paid by traffickers to guard planes, airfields, and activities. Several former military officers

are said to be involved with such groups, some of whom were forcibly discharged from the military during the tenure of the current Bolivian Government. Their activities, while not yet seriously directed against the state, are a source of potential threat to the existing order as they are likely to have access to narcotics money.

Perhaps most importantly, the presence and activities of large numbers of narcotics traffickers in wide areas of Bolivia potentially challenge the sovereignty of the state. The writ of the traffickers runs widely; and, while the traffickers are not engaged in consistent terrorist actions of a political nature, the areas under their effective control constitute a state within a state, where the rule of law frequently does not exist.

Colombia. There are clear connections between Colombian guerrilla groups and narcotics production and smuggling operations. There are narcotics groups with links to insurgents and who employ "terrorist-type violence" against the state and society, and political insurgent groups who commit terrorist and criminal acts and who have narcotics links. Given this connection, and the willingness of both criminals and insurgents to employ violence to achieve their goals, a general level of violence has long been a feature of the Colombian narcotics scene.

The most infamous recent examples of narcotics-related criminal violence were the April 1984 assassination of Justice Minister Lara, which was preceded by the February 1984 murder of Eduardo Gonzalez, previously a high-level assistant in the Justice Ministry. Lara played a highly visible role as leader of the Colombian Government's antinarcotics program. Gonzalez, who had been an assistant to the former minister of justice, had actively and publicly supported implementation of the U.S. extradition treaty with Colombia. Earlier this year, a car bomb was exploded outside the U.S. Embassy in Bogota. And, in April, Criminal Court Justice Alvaro Medina-Ochoa was assassinated outside his residence.

Other narcotics-related violence may appear in either criminal or political guise. In late July 1984, a bomb exploded on the campus of the University of the Atlantic in Barranquilla. A previously unheard of group called the Urban Insurrection Front claimed responsibility, stating that it was protesting the spraying of marijuana crops in the Sierra Nevada mountains. Whether the incident was political or criminal in origin is uncertain, and indeed may never be known.

There are four major insurgent organizations in Colombia. The Revolutionary Armed Forces of Colombia (FARC) is the largest, oldest, and best equipped. It has 23-28 guerrilla fronts with a total of approximately 2,000 active members and a support infrastructure which pushes its number to 5,000 or more. Basically a rural movement, half of its fronts operate in coca and marijuana growing areas. The 19th of April Movement (M-19) has about 900 activists divided into 140 cells. The National Liberation Army (ELN) is composed of nine groups with approximately 300-800 combatants. Some 250 people are involved in the Popular Liberation Army (EPL), with perhaps an equal number in its dissident Pedro Leon Arboleda (PLA) faction.

We will use the FARC organization to describe how these insurgent groups operate in the narcotics trade. According to information received in 1984, each FARC front had a specific responsibility with the groups in Guaviare and Vaupes Departments to operate in conjunction with the narcotics traffickers for money and arms. Since that time—and possibly before—the FARC has been collecting protection payments from coca growers in their operating territory. One front reportedly obtained \$3.8 million per month in taxing the coca industry. The XIII Front, located in the south of Huila Department, and the IV Front operating in Putumayo Department have been active in dealing with coca traffickers in obtaining arms and ammunition through them. At one time, Rigoberto Lozano Perdon was commissioned in Caqueta Department by FARC to maintain direct control over narcotics trafficking and to collect the corresponding quotas. According to one 1983 report, the FARC approved the expropriation of 50,000 pesos per hectare (or U.S. \$66 at the 1983 exchange rate) and 45,000 pesos (U.S. \$60) for a processed kilo of cocaine from the traffickers.

In exchange, the FARC has let coca growers go about their business and has often warned them of the arrival of anti-narcotics police or military patrols. The guerrillas have also controlled enough strategic points along certain rivers to harass or interdict travel by the police. The FARC also guarantees a number of clandestine airfields vital to the drug trade. Thus, the basic benefit that the coca growers derive from their relationship with the FARC is protection.

The benefit to the guerrillas like FARC and others is basically financial: drugs provide money to buy weapons and supplies. These may be procured through the traffickers and, as in the

case of the M-19, through a government, and shipped into Colombia on return drug flights. According to one observer, the FARC has also benefited by taking advantage of the transient laborers who are attracted to the coca zones and are then recruited by the FARC. There have been occasional reports that the FARC has also extorted money from marijuana traffickers along the north coast, particularly in Magdalena Department.

It is fairly certain that wherever a FARC front operates and trafficking is carried on, some arrangement exists between the two groups. During the March 1984 raid on the giant cocaine processing center in Caqueta Department, the Colombian authorities found a FARC camp a half-mile from a cocaine laboratory. While this does not mean FARC participates in cocaine refining, it does indicate some form of agreement for coexistence with the traffickers, perhaps protection for processing sites. In addition, the FARC may to a lesser degree have engaged in the cultivation of coca. In November 1983, the Colombian Army discovered 90 hectares of coca and a processing laboratory next to an abandoned FARC camp in southern Colombia.

The other "most noted" insurgent involvement in narcotics has been on the part of the M-19 group. The urban based movement became involved in a guns-for-drug nexus after it opened up rural fronts in 1981. M-19 leaders approved of the group's cooperation with career drug smuggler Jamie Guillot-Lara who supplied the group with weapons. In return Guillot-Lara received assistance in his drug smuggling enterprise from high-ranking Cuban officials. In one celebrated 1981 incident, a Guillot-Lara ship, the *Karina*, was sunk by the Colombian Navy with an estimated 100 tons of weapons aboard. Guillot-Lara and the four Cuban officials who were indicted with him by a Miami court remain fugitives.

Today, the M-19 involvement is considered less extensive than the FARC involvement. There have also been unconfirmed reports of "taxation" of drug growers and traffickers by the ELN and EPL in their areas of operation.

The Government of Colombia has sought for some time to come to agreement with these insurgent organizations and begin steps to end the political violence and end the threat which the guerrillas have posed to national security. After several months of discussions between the FARC major command and the Colombian Government's Peace Commission, a cease-fire with the FARC

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went into effect on May 28, 1984. Discussions with the M-19 and EPL led to an agreement in August.

In sum, the government's intention has been to address the security problem posed by these groups. At the same time, the government's determination to attack the drug trade has been strong and unequivocal. It will take time to see how the arrangements with the insurgents develop, but it is not expected that they will include concessions which compromise the offensive against the narcotics trade.

Narcotics-related violence in Colombia has also come from other groups. The group known as Death to Kidnappers (MAS) is widely believed to have been founded by narcotics traffickers as a result of the kidnaping for ransom of the daughter of a known trafficker. In remarks to the Colombian press, Carlos Lehder, widely acknowledged as a leading narcotics trafficker, has also drawn a connection between himself and MAS.

Cuba. Reports of Cuban Government involvement in narcotics trafficking first reached the U.S. Government in 1963. However, these reports were isolated and most of them not corroborated. While a series of reports in the 1970s suggested Cuban Government involvement, it did not provide solid evidence of such activity. In addition, no reports during this period confirmed a connection between international terrorism and Cuban involvement in narcotics trafficking.

The best evidence to date of a Cuban narcotics link became available in connection with an indictment of 14 persons in Federal District Court in Miami in November 1982, including four high-level Cuban officials: Fernando Ravelo Renedo, a former Cuban ambassador to Colombia; Gonzalo Bassols Suarez, former deputy chief of mission at the Cuban Embassy in Bogota; Rene Rodriguez Cruz, president of the Cuban Institute of Friendship with the Peoples; and Aldo Santamaria Cuadrado, vice admiral of the Cuban Navy.

This case, known popularly as the Guillot-Lara case, and referred to in the discussion of Colombia, documented actions by Cuban Government officials to facilitate drug trafficking through the Caribbean as well as the shipping of arms to the M-19 guerrilla forces in Colombia. The Cuban Government has vigorously denied any involvement and the four indicted Cuban officials have not appeared for trial. However, the majority of persons who did stand trial were convicted.

Subsequent reports indicate that narcotics traffic continues to pass through or over Cuban territory. For example, the Drug Enforcement Administration has noted that the chart-board on a vessel seized in 1981 tracked the boat from Havana to Tampa Bay. The diary of a boat seized in 1983 showed an itinerary which included Cuba. In September of that year, the wreckage of an airplane involved in narcotics trafficking contained a letdown chart for Varadero, Cuba, and its fuel tank contained a mixture not available in Jamaica, where it departed, or in the United States, where it crashed. Colombian officials said in press reports in March 1984 that airplanes carrying drugs out of the country returned with cargoes of Cuban-supplied weapons for the FARC guerrilla forces. However, these and other reports that Cuba is currently engaged in drugs-for-weapons deals have not been confirmed. However, evidence continues to mount that boats and planes carrying drugs have enjoyed Cuban airspace, territorial waters, and refueling facilities, without hindrance.

Nicaragua. In late July 1983, Canadian authorities arrested Rodolfo Palacios Talavera, a first secretary of the Nicaraguan Embassy in Ottawa for possession of cocaine with an estimated value of \$100,000. According to an unconfirmed report from a police informant, the Nicaraguan diplomat was part of a major drug trafficking ring which included Interior Minister Tomas Borge and other senior Sandinistas. Following judicial wrangling over his diplomatic status, Palacios was declared *persona non grata* in February 1984 and departed Canada.

In mid-July 1984, a Federal grand jury in Miami indicted 11 persons including an associate of Borge on cocaine smuggling charges. According to the indictment, Frederico Vaughan, the associate, actively assisted Colombian smugglers in their efforts to ship 1,500 kilos of cocaine to the United States. The indictment, which is based in large part on the testimony of a U.S. Government informant in direct contact with Vaughan, and on detailed evidence gathered primarily by the Drug Enforcement Administration, further alleges that Vaughan had a standing arrangement with the Colombians to assist cocaine trafficking, using Nicaraguan Government facilities. The fact that, according to the complaint, which is bolstered by photographs taken covertly from within the plane, Nicaraguan troops assisted in loading the cocaine on-

to the plane, and that the plane was allowed to park at the military part of the Managua field, suggests approval and participation by additional Nicaraguan Government officials.

In recent months, there have been other public allegations that Sandinista officials were involved in drug trafficking as part of a state-sanctioned policy. For example, the anti-Nicaraguan Government group ARDE [Democratic Revolutionary Alliance] has claimed that Sandinista Air Force Commander Raul Venerio used planes of the Nicaraguan airline Aeronica to transport narcotics to and from Colombia. We are as yet unable to verify this accusation.

G.N.R. officials have denied any official involvement in the narcotics trade. There is ample documentation of Sandinista support for terrorism and subversion in Central America. I would call your attention in this regard to the Department of State/Department of Defense joint background paper on Nicaragua. Sandinista involvement in drug trafficking would be consistent with their flouting of the rules of respected international behavior.

Peru. Narcotics-related violence in Peru has been increasing since late 1983, particularly in the Upper Huallaga Valley region. A series of violent attacks on police units and workers climaxed in early November 1984 with the brutal killing of 19 coca eradication and survey workers. Available information indicates that the killing of the workers was by gunmen hired by narcotics traffickers. In mid-February, approximately 20 people were murdered in the valley, possibly by narcoterrorists, who cited "revolutionary" reasons only to justify their acts.

Some Peruvian officials have suggested that the Maoist terrorist group Sendero Luminoso (SL) has established close ties to international narcotics traffickers. Because of the limited U.S. official presence, as well as the particularly secretive nature of the Sendero Luminoso, we do not have a complete understanding of the interaction between terrorists and narcotics interests, and no additional information to corroborate that claim. The links are purportedly based on arms and money supplied by narcotics interests to the terrorists in return for protection against law enforcement authorities. Peru's major coca growing regions, including the Upper Huallaga Valley where U.S.-supported crop control actions are ongoing, are far from Lima in remote and often inaccessible locations.

Rather, the facts available to us do not document that international traffickers and the SL maintain a structured relationship or that they take joint actions in pursuit of common objectives or mutual assistance. We understand that statements by SL terrorists captured in the Upper Huallaga Valley strongly suggest that they and narcotics interests are working in the same geographic area, taking advantage of the same environment (limited government presence, a general climate of lawlessness, peasant unrest) but operating separately. Weapons seized by security forces in antiterrorist actions have reportedly consisted of dynamite, homemade devices, and small arms stolen from local police. These are not the kinds of weapons normally associated with the international narcotics traffic.

Furthermore, SL interests would appear to differ from those narcotics growers and traffickers in important respects. Narcotics elements in Peru (and elsewhere) generally try to maintain the lowest profile possible to avoid law enforcement attention (although this has been less true of late, as evidenced by the very public attacks on anti-narcotics workers in Peru and elsewhere, and the official killings that have occurred in Latin America; more, the attack on the cacao plant in Peru, which resulted from a refusal to let coca traffickers use the facility, and the bombings of several buildings, were all very attention-attracting criminal acts, and were reliably reported to be the work of coca traffickers). SL terrorists on the other hand thrive on the fear and chaos produced by public knowledge of their depredations. And, SL is characterized by ideological rigidity and, unlike revolutionary movements elsewhere, has demonstrated no unwillingness to make the kinds of tactical arrangements with corrupt elements of society or other political groups to advance its goals.

There is, however, substantial reason to believe that coca growers have become prime targets for SL recruitment. Many growers in the Upper Huallaga Valley are recent immigrants from the highland areas where SL has established certain roots. Unfamiliar with the traditional society or ecology of their new home, they frequently feel homesick and alienated. These immigrants speak the same language (Quechua) as do SL's terrorist recruiters and have similar cultural backgrounds. Many see coca eradication efforts as a threat to their survival. When recruiters announce that they have come to protect

the livelihood of growers against government interference, they find ready listeners. Paradoxically, the growing success of U.S.-funded eradication efforts may be making the remaining growers more desperate and more susceptible to the blandishments of terrorist recruiters.

Similar terrorist-grower interaction may also be occurring in other coca-growing areas. For example, recent demonstrations by licensed coca-growers in the Cuzco area, protesting low prices paid by the Government of Peru coca monopoly, showed signs of political sophistication unexpected among frequently illiterate growers. The way this protest unfolded suggested that terrorist recruiters may well be playing on fears of coca growers in that area to gain recruits.

It should be clearly understood that a considerable amount of the violence in the Upper Huallaga Valley is criminally motivated and without ideological connotations. Repeated threats to and attacks on coca eradication workers and bombings of narcotics program headquarters have not been accompanied by standard terrorist propaganda. In addition to the incidents previously cited, such as the attack on the cacao plant, the April 1984 murder of the mayor of the Upper Huallaga town of Tingo Maria also lacked political connotations. In July 1984, two men arrested while attacking eradication workers with dynamite and guns proved to be thugs hired by coca growers whose fields were scheduled to be cleared the following day.

The Peruvian Government has moved in recent months to meet the serious problems posed by terrorist and narcotics activities in the Upper Huallaga region. In the May-July 1984 period, two major operations by trained commandos and local police supported by air force helicopters, directed against the twin threats, resulted in destruction of 28 clandestine airstrips and the confiscation of 304 kilos of coca paste and 2,167 kilos of coca leaf, and in the capture of some 200 alleged terrorists, the destruction of three SL training and indoctrination centers, and the confiscation of large amounts of arms and subversive literature. However, the numbers and logistics of the national guard rural mobil narcotics police (UMOPAR) were inadequate to cover the enormous amount of territory involved and to deal adequately with the magnitude of the parallel and overlapping terrorist and narcotics challenges. After the slaying of the coca control

workers in November, the military returned to the region, acting under a state of siege declaration and under orders that the armed forces assume responsibility for the antiterrorist effort, and again began suppressing terrorist activity. Coca control activities were suspended during this period, resuming February 3 with both crop eradication and enforcement activities.

The government has announced that the military and narcotics police will work closely in allied efforts.

Southern Europe and the Middle East

Bulgaria. Drug dealers, many of them Turkish nationals, operate out of semi-permanent bases in Bulgaria. It was the activities of some of the more flagrant of these drug dealers in Bulgaria that first brought the Bulgarian connection to public view. These international drug dealers, who used Bulgaria as a safe base for running operations elsewhere, resided openly in Sofia for long periods of time, maintaining flamboyant and free-spending lifestyles of which the Bulgarian Government certainly was aware.

In testimony given in August of last year, U.S. Government agencies cited evidence that Bulgarian authorities tolerate these drug dealers. The Drug Enforcement Administration (DEA) has provided Bulgaria with the names of known narcotics traffickers operating inside that country on several occasions, most recently at a meeting between representatives of the DEA and Bulgarian officials in February 1985. The Department of State, both in Washington and Sofia, has pursued this issue vigorously with Bulgarian authorities and established a dialogue with Bulgarian officials directly responsible for narcotics matters.

Although some progress has been made in eliciting Bulgarian responses to our formal investigative requests, much remains to be done to establish fully satisfactory bilateral cooperation. In the circumstances, it would be premature to consider re-establishing formal bilateral customs cooperation, a subject the Administration has refused to pursue given substantial evidence of Bulgarian complicity in illicit trafficking in narcotics.

There has been extensive publicity during the past year about reports received since 1970 about narcotics trafficking in and through Bulgaria, facilitated by Kintex, a Bulgarian state trading organization. These reports from knowledgeable sources implicated top-ranking members of the Bulgarian

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Security Service or ex-ministers comprising the Kintex directorate. Possibly as a result of this publicity, reports during the past year suggest that many of these activities have been curtailed. It cannot be substantiated, however, that all such activity has ceased, or that the Bulgarians have not transferred it to other institutions. The Bulgarian Government has been made fully aware that any activities of its trading companies in the illicit drug trade will be carefully monitored and brought to its immediate attention.

The Department of State views the charges made about Bulgarian activities very seriously. Drug smuggling, illegal arms shipments, and terrorism—which have been linked in many reports—are activities in which no responsible government should be engaged. The problem of Bulgarian involvement in international narcotics smuggling directly affects Western European nations. In cooperation with those U.S. agencies with primary responsibility for narcotics investigations, and with other governments, we will continue to seek the Bulgarian Government's genuine cooperation in the elimination of drug trafficking in the interests of all countries.

Turkey. Until the early 1970s, Turkey was the major source of illicit opium for most of the heroin destined for the U.S. market. The opium, which was diverted from licit cultivation was grown mainly in the western part of the country, free from insurgent activity. Some Turkish officials pointed to a drug/terrorist link in the late 1960s and early 1970s, in that smugglers often purchased weapons with drug profits and then sold the guns to black-market sources; these in turn sold arms to Turkish terrorists. The drug trade in Turkey, however, was severely disrupted when Ankara banned all opium cultivation from 1972 to 1974 and arrested a large number of traffickers. These arrests were in conjunction with a French crackdown in the Marseilles area on the Corsican gangs which refined the heroin made from Turkish opium.

Many Turkish traffickers were eager to resume their narcotics activities after being released from prison but lacked an opium source and ready access to heroin refining facilities and the U.S. market. Over the next few years, the Turkish traffickers developed opium supply sources in Southwest Asia and set up heroin laboratories in remote southeastern Turkey, and concentrated on supplying Western Europe.

Lebanon and Syria. Lebanon remains a primary source of hashish in the Middle East, and there are reports that heroin as well as hashish is being trafficked by Lebanese and Syrian nationals, including reports of heroin trafficking through areas of Lebanon controlled by Syrian military units. The continuing civil strife in Lebanon since 1975 has further reduced central government authority in the drug-producing Bekka Valley, stimulating both cannabis production and heroin trafficking. Various Lebanese factions have reportedly obtained financing from the drug trade. However, given the situation there, it has not been possible to estimate the extent of this trade.

Southeast Asia

Burma and Thailand. The relationship between insurgency and narcotics trafficking is particularly close in Burma where most of the principal insurgent groups rely on heroin smuggling to finance their activities. These groups control or influence the main areas of opium production in northeastern Burma where the difficult terrain and a shortage of modern military equipment have prevented the Burmese Government from establishing its authority. The insurgents range from ideological revolutionaries like the Burmese Communist Party (BCP) to ethnic separatists like the Kachin Independence Organization (KIO), and profit-oriented "opium warlords" such as the so-called Shan United Army (SUA).

Whatever their professed objectives, these three groups are heavily involved in the production, transport, or sale of heroin (other groups tax the trade in their areas, such as the Karens, but are not involved in producing or transporting heroin). The BCP controls areas producing the bulk of the Burmese opium crop from which it receives a substantial share in the form of taxes or forced deliveries levied on farmers. It has also recently begun to establish refineries to convert opium into heroin, and to engage in direct sales of refined opiates to middlemen. The SUA dominates the shipment of opium to the Thai-Burma border area where SUA-controlled and independent refineries process most of the heroin produced in Burma. Competition from among these and other groups for dominance of the lucrative narcotics trade generates frequent armed conflict as well as shifting alliances of convenience which keep intrainsurgent relations in a constant state of flux.

For many years, the Burmese Government has been waging a determined struggle to suppress narcotics trafficking in its territory, at heavy cost in material resources and in the lives of its soldiers. Despite very real achievements through annual campaigns to destroy crops in the field, to interdict shipments and destroy refineries, and frequent operations against traffickers' armies, decisive results are unlikely until the government possesses the means to establish effective control over the areas currently under insurgent influence.

The link between insurgency and narcotics is much weaker in Thailand. Until 1982, Burmese groups such as the SUA operated in Thai territory with relative impunity. However, in January 1982, the government of Prime Minister Prem drove the SUA from their headquarters in northern Thailand, and initiated an ongoing series of military operations which have severely disrupted the activities of the SUA, the Chinese Irregular Forces, and other Burmese traffickers on the Thai side of the border. The only indigenous Thai insurgent group of any consequence, the Communist Party of Thailand (CPT) is reportedly ready to engage in narcotics trafficking but, by the end of 1982, had been largely neutralized by Thai security forces.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

U.S. Foreign Aid and Base Rights

by William Schneider, Jr.

Statement before the Subcommittee on Foreign Operations of the House Appropriations Committee on May 9, 1985. Mr. Schneider is Under Secretary for Security Assistance, Science, and Technology.¹

I am pleased to have the opportunity to testify on the subject of "foreign aid and base rights." In my testimony I intend to describe for you the different categories of countries where we have base rights or access to certain facilities, the nature of the linkage between these facilities and our security assistance request for each country, and the historical and current policy rationale for such assistance.

I would like to start with a truism—the United States cannot protect the free world alone, nor would it be in our allies' interest or desire for us to do so. We and our allies share a common objective, to provide a credible deterrence and defense against aggression. This basic, very simple principle has served as the foundation of our security assistance policy and programs since the end of World War II.

Historical Background

The Truman doctrine, the Marshall Plan, our postwar assistance to Korea, Japan, and the Philippines were based entirely or in part on this principle. Working together with our friends and allies we accomplished more—much more—than we could have accomplished alone. The economic and security assistance we provided to Western Europe and East Asia after World War II was clearly in our mutual best interest. Our economic assistance helped our friends and allies rebuild their institutions and strengthen their will to resist aggression and subversion. Our military assistance helped them preserve and protect their institutions, values, way of life, and economic growth. In Europe, we strengthened ourselves, and in so doing laid the basis of our postwar alliance system which has helped preserve the peace for the last 40 years.

During the postwar period we also negotiated a series of agreements with our European and East Asian allies which provided us with bases and facilities overseas. There is no question that our network of overseas bases helps

promote global stability; the forward presence they provide makes our deterrence policy more credible and enables us to react more quickly and efficiently in case of an emergency. U.S. bases and troops overseas demonstrate better than any words the seriousness of our commitment to come to our allies' defense in case of attack. Maintaining our overseas bases and access rights also saves the United States considerable money. The additional costs of funding alternatives to these bases, if alternatives could in fact be found, would be astronomical.

Despite all the changes which have occurred over that past 40 years, this basic rationale for having overseas bases and access rights is as valid today as ever. Our allies also recognize the mutual benefit of these bases and support their retention. We would not impose bases on an ally or friend which did not welcome them.

Relationship to Security Assistance

As noted earlier, security assistance has been associated with base rights agreements since the end of World War II. The rationale for providing security assistance is similar to the rationale for having bases overseas. Security assistance contributes to the common defense. Many of our friends and allies simply could not adequately defend themselves without such help; and when we help them, we help ourselves. Security assistance not only provides for America's defense more effectively and economically than if we had to do it alone, it also helps strengthen our relations with our allies and creates markets for American products and jobs for thousands of Americans.

Security assistance is not "rent" for bases, facilities, or access rights, but there is undeniably a linkage between our base and access rights in certain countries and the amount of security assistance we are requesting. The interdependency, of course, varies. In some instances no security assistance is provided since the countries involved no longer—or never—require it. In other instances, host countries could not keep up their obligations under base rights agreements without the training and equipment purchased with security assistance. We ourselves view security assistance to these countries together with bases and access agreements as

part of an overall package to provide the most effective defense of U.S. interests. Sometimes the security assistance needs are included as part of the base/access agreements. In such agreements we pledge our "best efforts" to secure an agreed amount of security assistance for host countries. The use of "best efforts" pledges rather than legal agreements recognize the role of Congress in authorizing and appropriating security assistance funds.

We take these "best efforts" pledges very seriously and always give them the highest priority in our annual security assistance requests and in allocations of funds following appropriations. The terms of these agreements were concluded based on a detailed assessment of our security needs; they were carefully reviewed by the U.S. Congress. The honor and integrity of the United States is at stake under a "best efforts" commitment. If we were to disregard our best efforts commitments, we would undermine our ability to maintain bases and access rights essential to our security and call into question the credibility of the United States as a reliable ally.

In this connection I should note that the congressional decision to "frontload" ESF [economic support funds] to the Philippines at the expense of military aid in FY 1985 carries the risk of failure to fulfill the "best efforts" pledge, which provides for a specific breakdown between military and economic aid over the 5-year period beginning in FY 1985. If Congress again rejects the Administration's request for FY 1986, we will find it difficult to achieve the promised level of military aid during the 5-year period of our current commitment to the Philippines.

Categories of Base Rights Countries

There are four major categories of base rights and/or access countries. In the first group are countries like the United Kingdom, West Germany, Italy, Japan, and Australia, some of which are successful graduates of U.S. security assistance programs.

The second category consists of six countries: Spain, Portugal, Turkey, Greece, Panama, and the Philippines. In these countries we have bases and/or access rights agreements which contain "best efforts" pledges either for specific amounts (Panama, Spain, Greece, and the Philippines) or "rising trends" (Turkey and Portugal). The following chart shows the amount of security assistance which has been going to these countries since 1977.

SECURITY ASSISTANCE

Since 1980 the percentage of our total security assistance going to these countries has been around 20%. We expect this percentage to remain fairly constant for the next few years.

The third category consists of Oman, Somalia, Kenya, and Morocco. In these countries we have agreements providing for military facilities or military access; we also provide security assistance. There is no direct linkage between the two and no "best efforts" pledges, but there is clearly a relationship between our access to and use of facilities and our willingness to provide security assistance. We therefore give our security assistance requests for these countries a high priority.

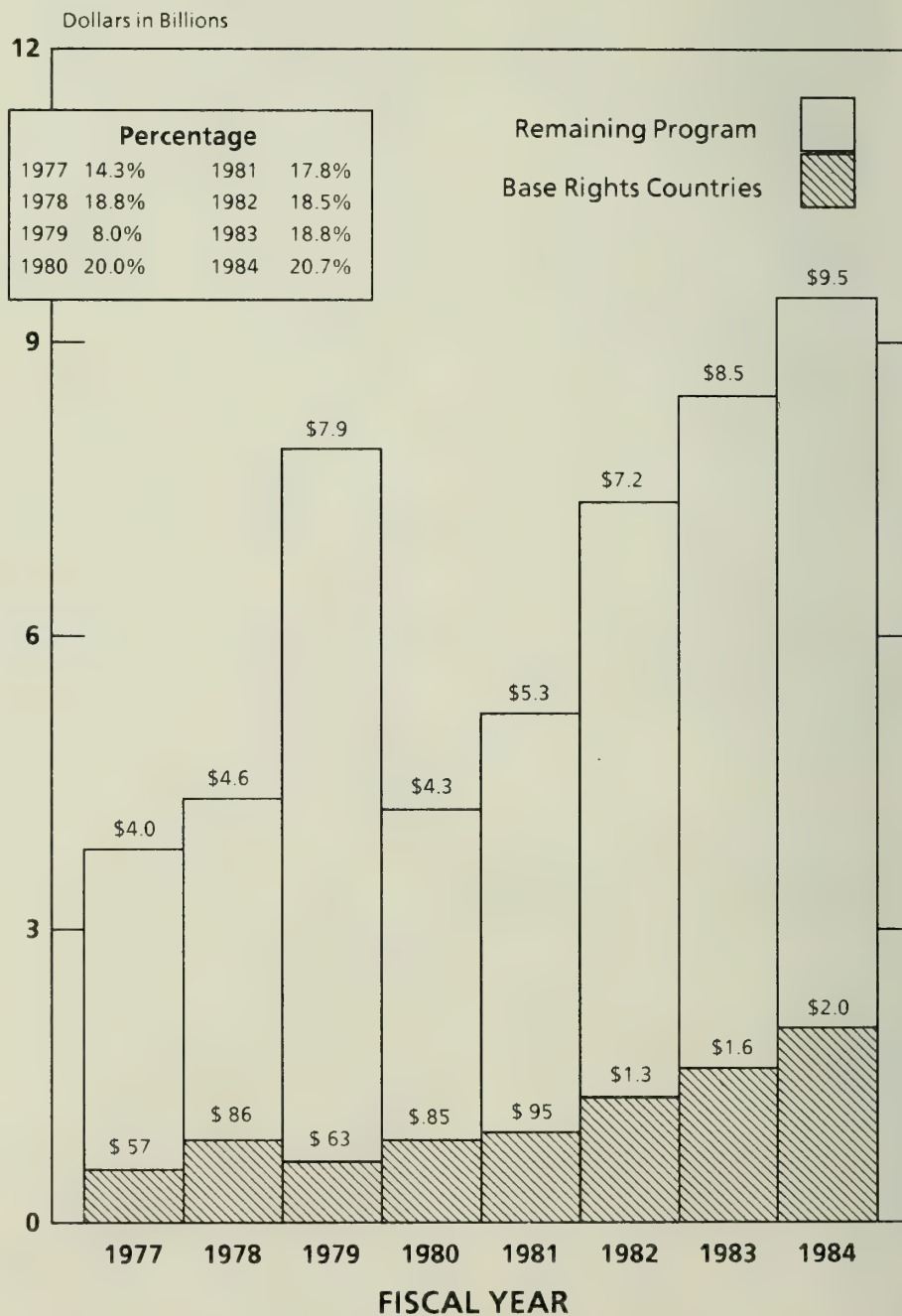
In the fourth category are countries such as Liberia, the Sudan, Thailand, Pakistan, Honduras, Korea, and Egypt. These countries have a special status for a variety of reasons. Some are frontline states or have a treaty relationship with the United States. Some may have promised us access to facilities on a contingency basis. In all these countries we have security assistance programs, but there is no direct link between the amount of funding we request and the other arrangements we may have made with a particular government. We give high priority to these countries as well and believe it is in the best interests of our national security to provide them with assistance at the levels we have requested.

Looking Ahead

The U.S.-Turkish DECA [Defense Economic Cooperation Agreement] was negotiated in 1980 for a 5-year period and it is renewable on an annual basis thereafter. Before the end of the decade we will need to negotiate new agreements with Spain, Portugal, Greece, and the Philippines. Each of these negotiations promises to be difficult and complex. In entering the negotiations we recognize that we live in a dynamic security and economic environment. The needs of the United States and the host country are constantly changing and these changes will be reflected in whatever agreements are transmitted to Congress. We are making a conscientious effort with all countries as part of the integrated budget process to tailor carefully the assistance we provide to their long-range economic and security needs.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

BASE/ACCESS RIGHTS AGREEMENTS FY 1977-84



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U.S. Airliner Hijacked; Passengers Held Hostage

DEPARTMENT STATEMENT, JUNE 14, 1985¹

The United States strongly condemns the hijacking of TWA [Trans-World Airlines] Flight #847, as it does all other such acts of terrorism. We call for the immediate safe release of all the passengers and crew members. These lawless acts, which endanger innocent lives, are repugnant, and we do not see how such acts gain sympathy for the cause of those who commit them. At this time, we are working with all appropriate governments and parties to secure the release of the hostages. We have a task force at the State Department working continually on the situation and coordinating U.S. Government efforts on this matter.

SECRETARY'S STATEMENT, JUNE 17, 1985²

Hijacking and other forms of terrorism are unacceptable in any civilized society.

We call upon those holding hostages to treat them properly and to release them immediately. The U.S. Government is heavily engaged in efforts to bring about their safe return to their families. In pursuing these efforts, as is well known, we will not make deals with terrorists and will not encourage others to do so.

Our thoughts and prayers are with the hostages and their families, as we all work and wait for their safe release.

PRESIDENT'S REMARKS (EXCERPT), JAYCEES CONVENTION, INDIANAPOLIS, JUNE 19, 1985³

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But before I go on with my remarks for today, let me speak to a concern that I know is on all your minds—our American prisoners in Beirut. We're continuing to do everything that we can to bring all credible influence to bear, to get our people freed and returned home safe and sound. But let me say we must not yield to the terrorist demands that invite more terrorism. We cannot reward their grisly deeds. We will not cave in.

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SECRETARY'S STATEMENT, SENATE FOREIGN RELATIONS COMMITTEE, JUNE 19, 1985⁴

You invited me to start with a statement about the hijacking situation, and I welcome that opportunity.

The U.S. position toward the hijacking is clear. We will not make concessions to terrorists nor will we pressure other states to do so. Conceding in such circumstances is tantamount to succumbing to blackmail. Worse, it encourages terrorists elsewhere in the world to think that such tactics can succeed.

We must protect our citizens now and in the future from such heinous acts. We cannot afford a policy of concession to terror.

Amal leader and Minister of Justice Nabih Berri has assumed responsibility for dealing with the hijackers. He assured us the passengers are safe and well. We have told him we consider him responsible for the safe return of our people and the prompt resolution of this affair. We have made our position clear to him and to the Lebanese Government: the hijacking is morally indefensible and cannot be justified on any grounds.

Berri, as a prominent Shia leader, should be aware that the hijacking is not only a matter of the safety of our American citizens but also involves his longer term interests and those of Lebanon as well. Participation in the international community is based on reputation and on a willingness to abide by and to uphold the principles of law and order upon which that community rests. Those who fail to assume their obligations must bear the consequence as outcasts. Continuation of the hijacking will bring irreparable damage to Lebanon's reputation and will set back hopes of its communities for social and political justice.

Israel has stated that its policy is to release the prisoners who were transferred from Ansar to Israel as the security situation permits. In effect, the hijacking of the TWA aircraft is impeding implementation of a process which was already underway. The hijackers must be made to understand that their efforts to trade the TWA passengers for the Ansar prisoners is without moral justification and that it will not succeed. Indeed, it is counter-productive.

The U.S. Government will not rest until our citizens have been safely reunited with their families. Ambassador [Reginald] Bartholomew in Beirut remains in contact with Nabih Berri as well as with President [Amin] Gemayel and other key Lebanese leaders. We are working closely with other governments who can bring their influence to bear on this matter.

Algeria, of course, has been cooperating closely with us since the very beginning. A number of other countries in the region have made, in one way or another, statements on this subject, including, before it started, [President Hafiz al-] Assad of Syria in expressing himself about hijacking; here in Washington the Government of Tunisia; Iraq has issued a condemnation, as has Egypt through its newspaper.

The President has just received a letter from [Jordan's] King Hussein which strongly condemns this, as he says, "dastardly crime." And I'd like to put that letter in the record. It will be made public in a couple of hours.

Chairman [Senator Richard G.] Lugar. Without objection.

Secretary Shultz. It is a very strong statement. So I think that the international community is recognizing what has gone on here. I just got a note, as I was leaving my office, about a bomb exploding in Frankfurt. So we can see the menace of terrorism spreads around, and it must be met clearly, unequivocally. And we need to encourage what I believe is a genuine international consensus on this point.

We will continue to draw on the full range of resources available to us to obtain the safe release of all the passengers and the crew so that they may return to their families and loved ones. Our determination to bring this crisis to a successful and speedy end remains unwavering.

SECRETARY'S INTERVIEW, "THIS WEEK WITH DAVID BRINKLEY," JUNE 23, 1985⁵

Q. We got the news this morning that the Israelis have decided to release 13 of their Shi'ite prisoners. Can you tell us any more about that?

A. I think it's 31.

Q. I mean 31. Sorry.

A. It's my understanding that those people are being held without charges, and under Israeli law there is a legal procedure through which they can ap-

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peal, and they have done so. And that's the background of that release.

Q. So it was entirely a result of the operation of Israeli law and no other consideration?

A. I will leave it to the Israelis to comment on that. I'm not in a position to comment, but I know that there is that particular law involved.

Q. Given that the Israelis never had any intention of holding these people forever—they were going to be released sooner or later, and that had been made clear—is it not then inferentially clear that the hijackers have something else that they want to achieve than the release of people who are going to be released otherwise? And, if so, what might that be?

A. I can't really speculate very effectively on what they want to achieve. They, obviously, want to disrupt America, and their signs say so. They want to put pressure on Israel through us—things of that kind. But I think we have to remember that what they're doing in these highly publicized shows that they stage daily, in which they try to produce a scene that replicates as much as they can the Iranian situation and cause people to say that, what they're trying to do is put the emphasis on something about America or something about Israel that's wrong. That's not what's wrong. What's wrong is the terrorists, and we have to remember that they took one American, beat him savagely, and killed him and threw him out of the airplane. So that's what we're dealing with.

Q. The general word used to describe Mr. Berri in the press is that he's a mediator. Is he mediating this or is he part of the problem? Is he on the other side? Who benefits from this, is he a beneficiary of this, and could this have occurred—this whole episode—without some form of state involvement?

A. Mr. Berri has described himself in different ways at different times. He can be a figure here by obtaining the release of all those people promptly, plus the seven others who are being held in Lebanon, and he certainly would increase his stature if he's able to do so.

Q. Is he, however? Would you describe him as a mediator or is he an adversary here?

A. He's described himself, as I said, in both roles. He said he is a party, and then he said he is a negotiator, a mediator, so he's moved back and forth in his own perception.

Q. Could this episode have occurred, in your general assessment of how the world works—can you have a hijacking with this kind of coordination involved in it without the resources of a state, some other state's intelligence service?

A. You have to remember that the Beirut International Airport is basically not held by a state. It is under the control of the Shia militia. It is responsible over the last 15 years for 15% of all of the hijackings that have taken place outside the United States, in the sense that they have either originated, ended, or passed through the Beirut International Airport. It's surrounded by a community that is willing to give space to terrorists, so the Beirut International Airport is definitely a problem.

Q. Let me ask the question negatively. Syria has asserted a kind of right to dominion in Lebanon and has a lot of troops there and a lot of influence and an active intelligence service.

Q. Is it fair to say that this sort of thing could not happen if Syria wanted to stop it?

A. It's hard to say whether that is absolutely true, but certainly Syria is in a position to exert influence, and we have said that, and President Assad has said that he will try to do that. But they should be able to have some influence, in our opinion.

Q. As you pointed out, these Shi'ite prisoners in Israel have been held without charges. President Reagan has said by taking them to Israel, that was in violation of international law. And Israel has said before the hijacking that it intended to release them.

Now, if Israel continues with the release on its own schedule, as it intended to before the hijacking, of these prisoners, would that be acceptable, or somehow would that be giving in to hijackers' demands?

A. Acceptable to whom? I will engage in a conversation about those prisoners with you, obviously, if you want to pursue that, but I don't want that to imply that I agree, or that we agree, that there is a connection between the prisoners being held by Israel and the hostages being held in Beirut. There is no connection, and it's important for us not to allow a group of terrorists to create a connection by asserting it.

Just remember, there are problems all over the world in countries that are friendly to us. Some genuine problems,

some imagined problems that people have. We don't want to get ourselves in a position where we invite people who have a grievance somewhere to grab some Americans and then assert a connection and cause us to try to put pressure on somebody to do something about it. We certainly don't want to invite that pattern of behavior.

Q. All right. It's clear from what you have said, and other officials, for the past week that if Israel immediately released all these prisoners, there would be a connection seen by many people, and that is something you want to avoid. You've said it again today, if I've correctly read your statement.

But, on the other hand, if Israel was going to release the prisoners and now doesn't, that is a connection in reverse that is set up.

A. Israel will have to decide for itself what it wishes to do about those prisoners, and information about what they had been saying before this took place, and actually doing for that matter. They didn't just say they were going to release those prisoners; they had released, I think, about 30% of the original group—presumably can carry on.

But that's not connected with the problem in Beirut. That problem is a problem of taking people and holding them by terrorists, and they should be released.

Q. I understand. But if I may just ask one more question on this subject: Then if Israel carries on with what it intended to do before the hijacking on the pace that it intended to put into effect, with no connection to Beirut, we would not then assert somehow that Israel was knuckling under to hijackers?

A. Israel has to decide what it wishes to do, and as Professor Brinkley brought out in his first question, they have apparently decided to release 31 prisoners in accordance with their law.

Q. What happens if they—if the hijackers—

A. People won't—many people will probably say there is a connection.

Q. What happens if hijackers then release one American and say there's proportionality, 31 equals 1 according to the formula? What sort of pressure does that put on everyone?

A. That is again an effort on their part to assert a connection between that terrorist act that they are performing and something else going on somewhere else in the world.

Obviously, if they release one American, we'll be glad to have one American.

Q. But one reason they're not able to do that—but one reason it's easier for them to do that than it otherwise might have been is that your State Department before this crisis started, long before, made an announcement, that a good many people disagree with, that it is clear under the Geneva convention that what the Israelis are doing is holding the Shi'ites illegally.

A lot of people construe the relevant clauses of the Geneva convention differently. Have you looked at this, and are you still satisfied that you want to say that what they did in removing some people during the course of their withdrawal when their armed forces were particularly vulnerable was illegal? Because the clause, as I read it and others, seems to make it clearly permissible.

A. We have examined that and competent lawyers and independent lawyers have looked at that, and it is our opinion that it is not in accord with the Geneva convention to remove prisoners taken in a country where you are at war and bring them back to your country. So that is what we've said. We said it first in June 1982.

Don't say "your State Department." This is something that's happened, and lawyers all around agree with it.

Q. We have a difference of opinion about some obscure clause of a convention. Let's leave that for just a moment.

How central is the safety of the hostages in this whole crisis? You see from your splendid vista on the 7th floor across the river to Arlington Cemetery. The hill there is white with the gravemarkers of Americans whose lives were put at risk because a larger principle was at issue—larger national interest.

Is this a similar case when there are interests larger than and principles more important than the safety of these hostages?

A. The safety of the hostages is of great importance to us. As the President said yesterday, America is a family, and when one American is murdered, we all feel it. So they are very important.

At the same time, all other Americans are also important, and we do have principles. But it isn't just the principles; it is the fact that if we accede to a connection here, as is being sought, then we invite people to draw all other kinds of connections and use a tactic of

grabbing Americans and trying to force us thereby to do something or other that they want to have us do. And that is against our interests, and we need to be clear about that fact.

Q. Deterrence in Europe, particularly, sort of rests on the premise that we will risk Chicago for Hamburg. We'll risk millions of lives for Paris. Is there some danger that by our fixation on an episode such as this we communicate to our adversaries and to our friends the belief that we are so paralyzed by 40 lives that our general structure of our whole deterrence is just not credible?

A. We're not paralyzed. Obviously, we are paying a great deal of attention to this—the President is, and all of us who are working on it are. However, we're carrying on our regular business, and I do think that the tendency to focus almost obsessively on things of this kind does give a handle to those whom we are combatting, and it's better if we can work at it more quietly. But we haven't been able to do so.

Q. But you say, "obsessively focusing." Are you referring to the press? I know you have some thoughts on this subject.

A. Well, things come—

Q. "The press" meaning all of us.

A. —through the press, but everybody takes part in it. And, clearly, Americans are interested in other Americans in trouble, and that's laudable and understandable, and so are we. But we have to focus more broadly. As I said, the press is the vehicle through which this comes, and I do think that some things have been brought out in the interest of spreading information around but haven't helped us in the handling of this particular crisis. So that's another kind of issue.

Q. Such as—what, for example?

A. Reporting, whether true or not, on what is happening to various military units as they move around, and the press makes a tremendous effort to find out all about that and report it. And sometimes the reports are true, sometimes not. I think it is the opinion of many who were dealing with the terrorists when they parked in the Algiers airport, that the tremendous amount of press reporting about U.S. military forces probably caused the airplane to break off from the discussions that were going on in Algeria and move back to Beirut, which was not a service to this whole thing.

Q. I'm not going to ask you about the U.S. military—

A. I don't want to get in a position of blaming the press for this. The people to blame are the terrorists. Let's keep that focused.

Q. I'm not going to ask you about the movement of U.S. military forces, but I'm going to ask you about a charge that Nabih Berri, the Shi'ite Amal leader, has made in the last 24 hours, to wit, that the United States is going to attack, in some sort of a rescue mission, Beirut, and attempt to free the prisoners. Is that correct?

A. I don't have any comment to make on comments. He doesn't have any evidence for it, and I'm not going to speculate about it.

Q. I ask you particularly because of President Reagan's policy, as I understood it, that he laid down in his news conference. He said, if I remember his words exactly, that he could think of a couple of things that he might want to do in frustration and anger but to do so, he said, would cost the lives of innocent Americans. And it seemed pretty clear at the news conference that he was saying—in fact, he said it in another instance—as long [as] there's a chance of getting our people back safely, he would not take military action. Has that policy changed?

A. Of course, it hasn't changed. On the other hand, I'm not going to speculate about where our military forces are and what they might do. It's for us to work on quietly.

Q. There's clearly in this country a rising tide of anger and upset over these attacks not only in Beirut but in El Salvador and elsewhere in the world, and a clamor by a great number of Americans for the United States to do something about it in retaliation.

Now, that's conventional wisdom in Washington, that we were going to take action sometime down the line. Do you quarrel with that?

A. I think if I can give a little bit longer answer, there are a number of things to be said on this.

First, I regard the general movement of opinion about terrorism and the importance of it, and the importance of doing something about it, as very healthy. We've been trying to wake people up, and I think they're thoroughly awake and that's good, because that means that as things take place they'll be broadly supported.

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The second point I'd like to make is that there are things that can be done and are being done that work. Obviously, since we have all of these horrors going on around us this past week, and today even, what we're doing isn't effective enough and we need to work on it hard. But let me just give you a few numbers.

Since 1961, in U.S. airports, 31,000 firearms and explosives of one kind or another have been discovered, and 13,000 arrests have been made. In the last 9 months, as we have been working hard on our contact with other governments and their intelligence agencies, we have managed to find out slightly over 60 potential terrorists actions and exposed them or prevented them. So those are things that represent activity.

Those who are perpetrating terror these days and hijacking should know that we are gradually finding out more and more about the individuals, the groups, and the governments that are involved. So our intelligence capability is growing.

And one more thing: People who are constantly expressing skepticism about President Reagan's determination and daring him all the time, as you're doing here, should be careful. There is a long history of the President's opponents underestimating him; his political opponents, others who have associated with him. And this man—he's a very nice man, a very agreeable man, a very pleasant man, but he's also very tough and very determined, especially where he sees the lives and interests of America at stake.

Q. Did you talk to the Israelis this morning?

A. Yes.

Q. Could you tell us anything about what was said?

A. Prime Minister Peres told me that they probably would release the 31 that were mentioned early in the show.

Q. That was all?

A. It was 2:00 in the morning; I think so.

Q. What did you tell him in reply?

A. I told you the content of the reasons why he called. That's all I'm going to say about it.

Q. You say that the country is now awakened to terrorism and will be supportive of what actions are taken, and not to underestimate Ronald Reagan.

I have two questions, the first of which is this: You have given a talk some months ago in which you said

"Americans have to not be squeamish about this; they have to understand that there could be retaliation taken that might involve injury to innocent persons." However, in his press conference, the President used the sort of dramatic word "pinpointing." He said "we haven't been able to pinpoint the culprits," indicating a kind of surgical precision that's required. And he is reported to have said, in discussions within the White House, that a retaliation that would strike innocent people would be itself a form of terrorism.

The President may be tough, but is he not enunciating a kind of paralyzing criterion that would prevent effective action being taken?

A. The point is that you want—you have to recognize—this is what I said, and I believe the President agrees with it. I seldom make speeches—never make speeches unless I'm pretty darn sure the President agrees with it. What I said was that if you take an action, you have to recognize that it's quite possible there may be some innocent people injured, or involved. On the other hand, that doesn't mean that you're going to take actions knowing that there may be widespread numbers of innocent people involved. So it's a problem. It's a problem for our culture, our kind of society. We have a decent society, and we want to keep it that way.

Q. Is there a sense in which previous policy by this Administration is partly to blame for this current episode in that Major Nicholson is buried not far now from where the sailor was buried and was killed in Beirut? Major Nicholson was killed and nothing happened except the President said he'd rather like a summit meeting. Two Americans were killed on the tarmac in Iran by Kuwaiti terrorists. Nothing happened.

Isn't there a sense in which we have conveyed the impression that all our enemies have to fear are more warnings?

A. It's possible that that is true, and I hope that our enemies don't have that message because they're misleading themselves if they do.

Q. A moment ago I certainly was not daring the President to do anything. But there are feelings in this country, some of which you've heard expressed on this program this morning, that the President needs to act.

Are you, in fact, as the President suggested at his news conference, going to act, if you do, against specific

people or organizations that you think have perpetrated crimes against Americans, or will you tend to try to demonstrate a wider action not just against pinpoint targets but against a broader target?

A. I'm not going to speculate about what the President may or may not do. But I have told you that the President is a determined, decisive, tough-minded man, and that's where I'll leave it.

Q. Alright, let's go to El Salvador: Four Marines killed, two American civilians, a number of Salvadoran civilians in that attack. What specifically can we do, as the President said just yesterday, "to make certain that the perpetrators of that crime face justice on earth"?

A. Just what he said—we track down who they are, who they are affiliated with. I think we have to remember that it isn't only the individual who's involved but the group that's involved with him and supports him. They are just as culpable as the guerrilla who pulls the trigger.

Q. This guerrilla army—

A. So we find them and we work with the government of El Salvador, and we do something about it. And this only underlines the importance of the support that, I think, gradually now the country broadly agrees should be given to El Salvador as they contest with these communist guerrillas.

Q. That's it, sir. Aren't we talking about the guerrillas that are fighting the government in an attempt to take over the country? That's sort of a rag-tail army but it's an army. Would that not suggest that the United States now has to forcefully help El Salvador in more than just material ways to go in the hills and find the army?

A. We have to do it in the way that we believe will be the most effective, but we will do it.

Q. Another consideration involving the Americans held hostage in Beirut, the Israelis, for what they take to be very good reasons—and I would assume most people would agree with them—are holding prisoners and say they will not give into—suppose this runs on and on; won't the American people tend to blame Israel for prolonging this problem?

Suppose it turns out badly? Won't they be angry at Israel, wouldn't you guess?

A. It's possible but not justified. And I think it's important to separate these problems, as I have been trying to do here, in response to your questions. The

problem is not Israel, the problem is not some evil about America; the problem is the people who hijacked that plane, who murdered an American and are holding the Americans there hostage. That's the problem.

Q. This whole crisis raises a question about how democracies can and should conduct themselves in a crisis like this. The President, I believe, is due to go off on a 10-day vacation at the end of this week. If he goes, people are going to say, my gosh, he's not manning the telephones and looking anxious. If he stays, people are going to say he's looking anxious and can't do anything and therefore he's turning up the heat.

How do you calibrate the degree of governmental intensity when, in fact, there's very little you can do but wait?

A. There are things we can do, and we are doing. And so far they haven't been gotten the result that we seek, and we'll keep doing it.

As far as the President's schedule is concerned, he is giving all the attention that can be effective to this hostage problem that we have now, but he is also carrying on the work of government and I think should, as I have and all the others have. And [it] has been widely noted, he's been out around campaigning for tax reform, the budget problem, and so on; and I think we have to carry on our schedules.

If the President is in California, he's right by a phone. Believe me.

. . . .

PRESIDENT'S INFORMAL EXCHANGE WITH REPORTERS, WHITE HOUSE LAWN, JUNE 23, 1985⁶

Q. [Inaudible].

A. Berri seems to be the only one, then, that is making a linkage between that and our hostages. That is not a linkage; that is a matter of Israeli law. It is a problem of their own, and under their law, those 31 people are being released. It has nothing to do with our hostages.

Q. Wouldn't this break the ice?

A. I don't believe that there's any linkage.

Q. Are you pleased that Israel released the prisoners?

A. I'm not going to comment one way or the other on that because we have avoided any idea of linkage there. There is none.

Q. Can you report any progress on getting the hostages home?

A. I'm not going to speculate. I'm just going to say that we are doing everything that can be done.

Q. Are we talking to the Shi'ites—about a swap plan between the hostages and the Shi'ites?

A. All I know is that there are a number of countries that I appreciate that have volunteered to be of help if they can, and that's all that I can say about it.

Q. What's the plan?

A. You know that I couldn't answer that question or tell you. I don't think that we could make things like that public.

Q. Are you ruling out military deterrence?

A. Yes.

PRESIDENT'S REMARKS TO CITIZENS (EXCERPT), CHICAGO, JUNE 28, 1985⁶

. . . I want to say a few words about a subject that I know is on all our minds: the outrage of international terrorism.

When terrorism strikes, civilization itself is under attack; no nation is immune. There's no safety in silence or neutrality. If we permit terrorism to succeed anywhere, it will spread like a cancer, eating away at civilized societies and sowing fear and chaos everywhere. This barbarism is abhorrent, and all of those who support it, encourage it, and profit from it are abhorrent. They are barbarians.

In a different age, the civilized world faced the bloody scourge of piracy. It was a long fight against a great but diffuse evil. But it was won in the end because civilized nations refused to succumb and missed no opportunity to stamp it out. The United States can be proud of the role that it played in that struggle, a role our Marines still sing about in the Marine anthem.

In our time, it's terrorism that must be overcome. We cannot accept these repeated and vicious attacks against our nation and its citizens. Terrorists, and those who support them, must and will be held to account.

SECRETARY'S NEWS CONFERENCE, JUNE 30, 1985⁷

Q. Can you explain why Syria, a country that the United States has often criticized for supporting terrorism, has been so helpful, and does this indicate a change in our approach to Syria?

A. I don't know the reason although I hope that it shows that Syria like other states has concluded that hijacking and terrorism is bad.

Q. What about the seven who remain in Lebanon? What hopes do you have that Syria could be helpful, and what is our policy toward retaliation?

A. We've discussed this with—the seven with Syria, and it is our impression, I think based on reality, that President Assad is working hard on that problem, and we are glad that he's doing so.

Q. What can you tell us about the possibility of—

Q. Can you state our policy—the second part of the question about retaliation.

A. No comment on that.

Q. What can you tell us about the possibility that now Israel will release on some schedule the Lebanese prisoners that it's holding?

A. Israel said before any of this happened that it intended to release those prisoners, and I saw the Defense Minister, Mr. Rabin, on American television today saying that those prisoners had been taken temporarily—I think that was his word—and they intended to release them. So I expect that they will.

Q. Won't that be seen as a *quid pro quo* even if there was no direct linkage?

A. There is no linkage, and certainly when Israel intended to do something before this happened, the hostage-taking shouldn't prevent them from doing something that they fully intended to do. So there is no linkage there, and I think it's extremely important for us and for others who are combating terrorism to see to it that the linkage doesn't exist.

Q. Are you saying that you had no talks with Israel, no talks with Syria, that this all came out, out of the blue?

A. Of course not. Of course, it didn't.

Q. How did it come about?

A. We had lots of discussions with many governments, including Israel, and of course in recent days especially Syria,

and throughout we have made the point that these hostages and the others being held should be freed. And we also made the point that since Israel was in the process of releasing those prisoners before this happened, that it was quite clear that, if anything, the hostage-taking was impeding a process that had already been underway.

Q. Can you explain what—at this point yesterday why there was a delay and what Syria's role was in resolving the problem?

A. The problem apparently was that the four held by the Helzbollah were not released to the pool of the rest of the group of the hostages, and so exactly why and what persuaded them, I don't know. I do know that the Syrians came to us last night, and they said they thought it would be helpful if we issued a statement and—along certain lines, and so we worked up a statement that reaffirmed our longstanding policy and put it out.

Q. Did they help write the release scenario?

A. They suggested what they thought might be helpful in a statement, but we wrote the statement. And, as I said, it is a statement of things that we have long held, and I think it's an unexceptional statement.

Q. Do you have any evidence of Iranian involvement, either in the creation of the delay or the resolution of the delay between yesterday's aborted release and today's release?

A. No, we don't.

Q. Is the government committed to retaliation as the President said?

A. Let me tell you what our policy is, if I can just take a minute, on combating terrorism.

First, in a democracy there has to be an effort—there has to be a broad understanding in the American people about the nature of this threat, its importance, and an understanding of why certain kinds of positions need to be taken toward it. In particular, why it's important that you don't make deals with terrorists.

Second, we are working very hard and with considerable success at developing our intelligence capability, not only so that we are more and more going to be able to find out who has done something after it takes place, but more important to spot things that might happen.

It's important for us to have this capability, it's important for our friends to have it, and then it's important for there to be a linkage in an intelligence net.

U.S. Citizens Killed by Terrorists in El Salvador

**PRESIDENT'S STATEMENT,
JUNE 20, 1985¹**

Last night senseless terrorism again took its toll on Americans, this time in El Salvador. Of the 15 killed and 13 wounded, 2 were U.S. businessmen and 4 were unarmed, off-duty Marines not in uniform. They also killed 9 and injured 13 other innocent Salvadoran and Guatemalan men and women. This atrocity, like the bombing earlier yesterday in Frankfurt, Germany, is further evidence that the war which terrorists are waging is not only directed against the United States, it is a war against all of civilized society. This is a war in which innocent civilians are targets. This is a war in which innocent civilians are intentional victims, and our servicemen have become specific targets. This cannot continue.

We must act against those who have so little regard for human life and the values we cherish. And we must do so in concert with other nations which share our democratic institutions and basic disdain for violence and the use of force. We of the Western world must act together, as we once did over a century ago to wipe piracy from the seas and as we did 45 years ago against the threat of tyranny.

In response to the death of our Marines and private citizens in El Salvador, I have directed the Secretary of State and Secretary of Defense, with the help of our intelligence services, to immediately provide whatever assistance is necessary to President Duarte's government in order to find and punish the terrorists who perpetrated this act.

To this end, I have today directed that we expedite the delivery of security assistance items on order by the Salvadoran Government and am prepared to use my emergency authorities to furnish the Salvadoran Armed Forces with additional military assets which will help them prosecute their campaign against the communist guerrillas. Their hope that terrorism will weaken our resolve or support for the revitalization of democracy in El Salvador is futile. If other U.S. military assets can be effective in this regard, then I shall provide them.

I expect our Congress to support these measures and will be consulting with the appropriate legislative committees of the Congress on what additional steps can be taken in El Salvador and elsewhere to end the external support the Salvadoran terrorists receive from Nicaragua and the communist bloc.

I have also today appointed Vice President Bush to take the lead within the U.S. Government and with our allies to determine what actions, military and otherwise, we and our similarly threatened friends can take to end this increasingly violent and indiscriminate but purposeful affront to humanity. As a first priority, I have asked the Vice President to focus on this matter during his visit to European capitals next week. Upon his return, he is to convene a governmentwide task force to develop recommendations for my decision on how all available U.S. resources can best be brought to bear in dealing with this problem.

Finally, I want you, the American people, to know that what we do in these circumstances must not be done in pointless anger. These events call for reasoned responses to lawless actions by those who do not abide by the norms of civilized society. As your President, I believe that our actions must be appropriate and proportionate to the criminal acts which have been taken against our citizens. Those who are responsible for such lawlessness and those who support it must know that the consequences of their actions will never be capitulation to terrorist demands.

We are both a nation of peace and a people of justice. By our very nature, we are slow to anger and magnanimous in helping those in less fortunate circumstances. No nation on Earth has been more generous to others in need, but we also have our limits—and our limits have been reached. We cannot allow our people to be placed at risk simply because they are blessed in being citizens of this great republic.

¹Text from Weekly Compilation of Presidential Documents of June 24, 1985. ■

There have been over 60 instances in the last 9 months in which we have managed to find out about something that probably would have happened, and expose it or stop it or do something about it. So we are having some impact. And I might say that those who are planning and carrying out terrorist acts perhaps would be a little surprised to know how much we are getting to know about them.

Third, obviously, we have to do certain defensive things. Right now people are focused on airplanes and airports, and of course that's something we've been working on for many years. Again, we have to do more and we have to do better, but the techniques that have been developed have been working.

To take an example, some 35,000 weapons or explosive charges of one kind or another have been seized at American airports in the last 20 years. There's also, of course, the question of our Embassy buildings and things of that kind, so there's that kind of defense.

And, fourth, we have to develop our capability to take matters of active defense, so that terrorists more and more come to realize that there are costs to them of conducting these terrorist acts and so that we are in a position if we see something that might happen, to pre-empt it and interdict it.

So those are the four strands of our policy, and I think we have been making headway. Obviously, it's something that needs to be worked on hard and continuously.

Q. The President spoke of holding the hijackers accountable. Is there some realistic hope of doing that, and, if so, how?

A. We certainly want to find in particular who it is that beat and shot Robert Stethem. I think in this moment of joy that 39 people have been released, we have to remember not only the seven we still seek, but we have to remember that one was beaten and murdered, and we have to remember six Americans and El Salvadorans shot in El Salvador. We have to remember the people in the Air India plane that went down. You have to remember the baggage handlers in Narita Airport. So there's a lot of culpability out there.

But, at any rate, to come back to your question, who shot, and we want to find out about that and bring that person to justice along with the people conspiring with him.

Q. Exactly what kind of justice can they be brought to?

A. If they are identified, presumably there are processes of law, and we will do everything we can to see that they're enforced.

Q. The President mentioned his gratitude to Syria for assistance, and Mr. Berri [sic] did not—as far as I can recall, mention Mr. Berri. Would you appraise his role in this affair in terms of the release of the hostages?

A. He has portrayed himself in various roles. He's portrayed himself as a mediator. He's portrayed himself as a party and a member of the group. So I think we have to do some sorting out about Mr. Berri.

Q. You said that there has to be a cost to terrorists. Given the worldwide attention to the terrorists demands, the understanding statements by the hostages, and the lack thus far of any kind of reprisals, doesn't it look like there's no cost to these terrorists, that they indeed won?

A. I think that they have paid a price. And this, of course, is an on-going proposition, this fight against terrorism. We're very much in the midst of it.

Somebody asked a question about the individuals, and we will seek those individuals.

I might say also that 15% of the hijackings outside the United States over the last 15 years have either originated, ended, or gone through the Beirut airport. The Beirut airport has become a kind of safe haven for terrorists. And certainly it's one of the things that we, and other countries, must consider. As long as Beirut is a haven for terrorists, it should not be a place frequented by the world community. So that airport, I think, is something that we have to look at very carefully.

Q. You said that you expect that Israel would be releasing the Lebanese prisoners. Do you have an estimate on how long it might take before all the hostages will be released?

A. This question is all something for Israel to decide, and my statement is based on things that they have said.

Q. Do you consider the statement released by the State Department last night to limit the U.S., the U.S. authority to retaliate or take any action in any way?

A. The statement was a statement of our views about Lebanon. Similar views have been stated many times in the past, and we have no objection to reaffirming those views.

Q. Other people in this building have said that the jury is still out on Assad and Syria. And while he's been helpful in this case, the real test may be on whether he can produce the other seven. Is that how you see it, that this is a singular incident of cooperation or has he really enhanced his position and U.S.-Syrian relations?

A. President Assad has been helpful on other occasions, you remember, and he certainly was on this one. We have pretty solid information that he's been working assiduously on the problem of the other hostages, and so we welcome that.

Q. Why would it not be a good idea for us to ask the Israelis not to release the Shi'ite prisoners until we get our seven kidnaped victims back?

A. That would be producing a linkage that we do not want to see. Our hostages in Lebanon should be freed. Period. It's not linked to anything else. We don't want to link it to anything else.

Q. Why was there not a military action in an attempt to rescue the hostages on that one opportunity that the United States seemed to have had in Algeria?

A. I'm not going to comment on possible military options.

Q. You mentioned that these terrorists have paid a price. What price have they paid, since it seems as though they have won what they wanted?

A. Lebanon and the Beirut airport has dramatized itself as an outcast by its actions in the world community. Certainly, Lebanon is a place with very considerable degree of chaos. I think that's a heavy price for that community to pay and they're very much a part of it, and this all is not over yet.

Q. A followup to that, are you calling for a world boycott at the Beirut airport? Is the United States going to take any measure to prevent other world carriers or our own carriers from flying in there? Tell me precisely what you intend to do about the airport?

A. We are going to be in touch with our friends about the airport. We hope to develop a concerted pattern of action. At any rate, we have a very clear view about that airport and I've expressed it here.

Q. You have spoken about the people who shot Robert Stethem and the murderers, and that we're going to try to bring them to justice. You've

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spoken though of a juridical setting. We take it then that we're not going to attempt to retaliate in the sense of vengeance against, let's say, a wider community?

A. Vengeance is kind of a visceral feeling that people get. Naturally, we all do. I think from the standpoint of the sort of active defense that I spoke of, that what we really need to think about is imposing costs and looking to the future and preempting. But, at the same time, people who commit crimes—and this is certainly a crime in anybody's book—must be brought to justice, and we will do everything we possibly can to see that that takes place.

Q. I wonder if you were at all disappointed when the hostages held their press conference; that they seem to have nothing favorable to say about the U.S. Government and its efforts but a lot favorably to say about the Amal?

A. They speak for themselves; they're entitled to their opinions. They've been through a trauma, and God bless them and I'm glad that they're on their way home.

Q. One other question about the two—or about the actual killers of our man. Are you suggesting that you would try to extradite them through the Government of Lebanon?

A. I'm not setting out any particular judicial path here. But to say, "Here is a person in conspiracy with others who committed murder; cold blooded murder after having performed a beating." That kind of activity deserves to be punished.

Q. Okay. But the question really is whether you're going to try to do it covertly or whether you're going to try to do it through principles of international law?

A. Naturally, we are principled people, but we believe it should be done.

Q. Could you tell us, in regards to Beirut airport, as far as I know there are only four airlines that fly in there. And aside from Middle East Air, there are only weekly flights. Is that a strong enough action to tell people to cancel—three airlines to cancel weekly flights from the airport?

A. We'll see how that works. I think, however, that closing an airport that has turned out to have such a high participation in hijackings and which has become a place where, in a sense, you can go if you hijack a plane and get re-enforcements, is a place that should be on our off-limits list. That's the point here. It's not a question of sort of economic sanc-

tions or something like that. It's a question of trying to close the usefulness of that airport.

Q. The President said that those who help us will be remembered, and those who didn't help us will be remembered. Who are those who didn't help us?

A. I'm not going to go into that, but we have some pretty good ideas.

Q. The President used some fairly strong language in denouncing terrorism. What is there to compel them to release the remaining seven Americans?

A. They, I hope, will respond to the same considerations that must have led to the release of the 39 that were released today. Certainly, if there is any humaneness, that should be done and it should be done promptly. But, at any rate, we will continue to work at it. And as I said earlier, we have the very distinct impression that President Assad has put a considerable amount of willpower into it, and we will be pushing hard.

Q. If you're so interested in justice being done and the Lebanese have been in captivity in Israel for 2 years—some of them—why don't you ride herd on Israel so that they also liberate people who were taken as potential terrorists and never charged? We vetoed anything that would have helped them in the United Nations, and so forth.

A. The point I want to make in response to your question is that the problems of prisoners in Israel and the

problems of our hostages in Beirut had no connection with each other.

Q. [Inaudible].

A. We worry about injustice all over the world. But in the case of handling a terrorist incident, the worst mistake you can make, I think, or one of the bad mistakes, is to allow terrorists to establish a linkage where none exists simply by asserting it. And if we allow that to happen, then anybody who has a grievance anywhere in the world can grab you and a few other people—famous people like you—and say, the United States should go redress this grievance or we won't let you go, so we're not going to do that. That's the answer.

PRESIDENT'S REMARKS AFTER HOSTAGES RELEASED, JUNE 30, 1985^a

The 39 Americans held hostage for 17 days by terrorists in Lebanon are free, safe, and at this moment, on their way to Frankfurt, Germany. They'll be home again soon. This is a moment of joy for them, for their loved ones, and for our nation. And America opens its heart in a prayer of thanks to Almighty God.

We can be thankful that our faith, courage, and firmness have paid off. But this is no moment for celebration. Let it be clearly understood that the seven Americans still held captive in Lebanon must be released along with other innocent hostages from other countries; that the murderers of Robert Stethem and of our Marines and civilians in El Salvador

Vice President Bush welcomes the hostages at Frankfurt, West Germany.



(White House photo by Dave Valdez)

must be held accountable; that those responsible for terrorist acts throughout the world must be taken on by civilized nations; that the international community must ensure that all our airports are safe and that civil air travel is safeguarded, and that the world must unite in taking decisive action against terrorists, against nations that sponsor terrorists, and against nations that give terrorists safe haven.

This drama had reminded us how precious and fragile are the freedoms and standards of decency of civilized societies; how greatly civilized life depends on trust in other human beings. But how those values we hold most dear must also be defended with bravery—a bravery that may lie quietly, indeed, but that will rise to answer our call in every time of peril. Freedom, democracy, and peace have enemies. They must also have steadfast friends.

The United States gives terrorists no rewards and no guarantees. We make no concessions, we make no deals. Nations that harbor terrorists undermine their own stability and endanger their own people.

Terrorists, be on notice, we will fight back against you, in Lebanon and elsewhere. We will fight back against your cowardly attacks on American citizens and property.

Several countries have been actively involved in efforts to free our fellow citizens. Syria has had a central responsibility. The efforts of the Algerian Government were likewise an example of constructive cooperation against the direct challenge of lawless terrorists. King Hussein spoke out early and forcefully in condemning the hijacking. Saudi Arabia also made an effective contribution. Throughout the past 17 days, we have also been in close touch with Israel and a number of governments in Europe and the Middle East, as well as with international organizations—all of which displayed great concern for the safety and release of the hostages.

We will remember, and offer our thanks to all who helped us and who stood with us. And, yes, we'll remember those who did not. We will not rest until justice is done. We will not rest until the world community meets its responsibility. We call upon those who helped secure the release of these TWA passengers to show even greater energy and commitment to secure the release of all others held captive in Lebanon. And, we call upon the world community to strengthen its cooperation to stamp out this ugly, vicious evil of terrorism.

I just want to inject a personal note here that, like all of you, Nancy and I have been living with these—all these 17 days, and like you, we have both been praying for what has now taken place. And like you, we thank God and wait with baited breath their final arrival here on our shores.

SECRETARY'S INTERVIEW, "MacNEIL-LEHRER NEWSHOUR," JULY 1, 1985⁹

Q. First, the action against the Beirut International Airport. Spell out what the purpose of that is, please.

A. The purpose is to place off limits internationally that airport until the people of Beirut put terrorists off limits. That airport has become a kind of safe haven, as a result of the way in which it has received planes and received the hijackers, and so we want to place it off-limits.

Q. Now what would they have to do to make it off-limits to terrorist?

A. First of all, they have to show us that they'll find the people who committed these acts, hijacked the plane, and murdered Robert Stethem, and held those people hostage, and do something about that—bring them to justice. I think there needs to be a greater sense of control around that airport. So there are a lot of things that need to be done to make that airport safe for civilization which it isn't right now.

Let me just make the point that the people who have the greatest stake in this perhaps are the people of Lebanon, the people of Beirut. I've spent time there myself, both in the good days when Beirut was a great place, and of course, in more recent times. And those are wonderful people, with a great culture and a great flair for things.

Beirut at one time was a crossroads, and they have the greatest stake of anybody in bringing it back to its former state—and it's a long ways from there now.

Q. Is the airport not now under the control of the Amal movement of the Shi'ite Moslems?

A. It seems to be more or less under their control, but it is a loose sort of proposition.

Q. Have you asked, or has somebody asked, the Amal to come up with these hijackers and turn them over to the United States, or take some action of some kind against them?

A. We will be in that process, and it's going to be handled by the Justice Department.

Q. And what would be the process?

A. The process of identifying those responsible and bringing them to justice, directly in Beirut, or if they wish, in other ways.

Q. What are the realistic prospects of that ever happening?

A. We're going to work on it, and we'll see. It's one of the tests.

Q. Tests. Who is being tested?

A. The people of Beirut, who presumably want to have their country part of civilized society and their airport operating and other commercial facilities operating as part of the world economy, are being tested.

Q. Now, the action that the United States is going to take to try to close the airport—the announcement that I read said that all American flights will be suspended. But there aren't any really scheduled American flights there now anyhow, are there?

A. The number of flights that go back and forth between the United States and Beirut directly is negligible.

Q. So, whom are you going to get?

A. There are a number of ways in which people get ticketed to Beirut in the United States through other airlines. We'll stop that. We are going out to people throughout the world, governments, and asking them to take a similar step.

There are more flights, obviously, between Beirut and other points that are closer to it than the United States. We felt that we had to take a step ourselves before we could suggest to others that they do likewise.

Q. What can you do specifically about Middle East Airlines, which is the Lebanese airline and is the main airline, obviously, that flies in and out of Beirut. What are you going to do about them?

A. We're not trying to do something about that airline; we're trying to do something about that airport. Actually, that airline flies throughout the Middle East and other points, and as you know, the Beirut airport has been out of commission, in effect, for long stretches of time, but the airline has continued to go ahead and fly.

We're not out to get the airline; we're out to get the airport put off-limits, and made changed, so that it is not a haven for terrorists.

Q. Is today's action on the airport the only thing that is going to be done today or in the next few days, or is it the first of many things to come?

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A. It is part of a program of efforts to combat terrorism. This program has been going on for a long time. Unfortunately, I'm afraid it's going to have to continue to go on for a long time. It has a definite strategy to it, and I'll be glad to describe it to you, if you want to—

Q. I'd love it.

A. —but it takes a little time.

Q. We've got it, so I'd love to hear it.

A. First of all, I think it's important that the American people and people throughout the world become convinced that the terrorist threat is a genuine threat to our civilization. I think, unfortunately, the terrorists are doing a pretty good job of convincing people of that.

I think we also have to have people see that in the tactics of handling terrorists, it's a mistake to give in to their demands, to let them be successful. When they're successful, all you do is encourage them, so there is an educational process here about the nature of terrorism, its international dimensions, and the tactical choices involved in handling a particular problem such as the one we had.

So that's the first step. That's been going on. We've articulated these problems in past speeches, and that's an ongoing proposition.

The second thing—and critical—is intelligence about terrorism—intelligence on behalf of the United States and of other governments—and then linking our intelligence together so that we know what's going on.

As one measure of some progress here, and that results can be obtained: In the last 9 months there have been a little over 60 discoveries of plots or intentions that have been uncovered, or stopped, something done about them. Some of them have been publicized, others not, but we're beginning to learn how to do this. And I think those who are involved in terrorism would be surprised at the amount of information that's being accumulated about them.

The third thing is to take defensive measures of the kind that have been in effect for quite awhile on airlines like our airport security and airplane security. Obviously, it's hard to keep people up all the time, but we have to do that. It has worked. Some 35,000 firearms or other explosive charges have been seized at American airports over the last 20 years as a result of the surveillance procedures. So there are things that can be done that work.

Our Embassies are being changed around so that they are more secure

places, and so on. There are a lot of those kinds of measures.

And, finally, I think we have to bring ourselves to a more active defensive posture so that we do things about terrorism and to terrorists that raise the cost to them of what they're doing and also get ourselves in a position where we can pre-empt things that they might do. And the 60 or so incidents that I mentioned are examples of that, but I think, unfortunately, we're probably going to have to do it with more force at times.

Q. Has the Administration ruled out specific strikes against the terrorist training camps in Lebanon where some of these people who are responsible might be based?

A. I'm not going to discuss things we might have ruled out or ruled in or whatever that are prospective of that kind.

Q. There was a report out of London today that Iran may be tied in with the hijacking. Does the Administration have any information along those lines?

A. We have information that links, Iran with various elements of Khomeini's supporters in Lebanon, but we have no evidence of Iran being directly involved in the inception of the hijacking.

Q. Does the Administration know who the original hijackers were?

A. Yes.

Q. Can you go after them?

A. We will.

Q. In what fashion?

A. We'll see. We'll see.

Q. I mean—

A. Among other things, I think there are legal steps that will be taken, and it's important to take them.

Q. What do you mean, legal steps? Do you mean in a situation—

A. These people committed crimes. Murder is a crime. Hijacking is a crime.

Q. But do legal steps work in a country where you have near anarchy as we have in Lebanon?

A. They may or may not, but we will take them nevertheless, and then we'll take other steps.

Q. How much concern is there when you consider any retaliatory steps? And I presume you consider what you're talking about retaliation. Is that the proper—

A. I don't consider that bringing somebody to justice is really retaliation. It's just justice. If somebody murders

another person, you want to find that person and try that person and sentence that person properly for that deed.

Q. But if that sort of proper judicial process is not available, would the Administration consider steps outside that?

A. We'll have to see how we will proceed as we go.

Q. How much in the context of that do you take into consideration the fact that innocent lives—the lives of innocent people—might be lost in some type retaliatory—

A. We have absolutely no desire, and great concern that innocent lives not be lost. That's obviously something that you have to have on your mind.

Q. What about the other seven Americans kidnapped who were being held, we believe somewhere in Lebanon? Do we have any more information at this point about where they are, or any hope that we can get them back?

A. We certainly have hope, and we have been working hard on this continuously, and we have tried to not only get the hostages that were held and were released, released, but to use the momentum created by that to get the other seven released too, and we continue to try to build on that.

Q. What do you think of the prospects?

A. I'm not going to try to lay down probabilities. We've been working at it for over a year, and it's frustrating because we haven't got them out. But we're going to keep working at it continuously.

Q. You think the chances are better as a result of the hijacking incident?

A. At least it created a certain momentum, perhaps, and we'll try to build on it.

Q. The Administration—you have said, the President has said, we're not going to make any deals with terrorists, and yet these people who committed the hijacking and the people who cooperated with them have, in essence, got what they wanted, or they appear to be getting what they wanted. Three hundred of the Shi'ite prisoners in Israel are being released with prospects that the rest will be released. What have they lost by doing this?

A. My understanding is that probably those who will be released that Israel announced it's releasing would

have been released some time ago had it not been for the hijackers and their demands. In other words, Israel has said, long before this took place—that they intended to release those prisoners; that they were there, as the Defense Minister, Rabin, said yesterday, temporarily. And so they have resumed something that was stopped by the hijackers. So they didn't achieve this release. They had held it up.

Q. But, my point is neither have they lost anything. It was what they wanted, and it appears now that it's going to happen, and they're none the worse off for having done what they did.

A. I think they have lost a great deal, and the people of Lebanon have lost a great deal, the people of Beirut have lost a great deal. Of course, it is a kind of chaotic situation right there anyway right now, but still they get themselves more and more classified as a place that's outside the boundaries of civilized life, and that is a very tough thing to do, and the hijackers have been doing that to their neighbors.

Q. But what is to stop them from trying it again, to stop them or any other terrorists from trying this exact same sort of hijacking again?

A. The things—we must act on this, and that's the kind of program that I was describing here a while ago, and we are making progress with it.

Q. But at this point, what's to stop a group of terrorists like the ones who took over the TWA plane from trying it again at some airport somewhere?

A. What is to stop them is better security in airports, raise the level of that very strongly; to rally the international community to see how terrible this is not just for the United States but for countries all over the world so that when a hijacking takes place, if it does—perhaps it will—it is dealt with firmly at places where the plane comes down, and so on and so on and so on. We have to keep working at these things. That doesn't say that there's a perfect system out there.

Q. But, again, you've said the President has said terrorists are going to be held accountable. As of this point, the people who pulled this off are running around free men.

A. They're running around free men, and to a certain extent have been exalted by all of the interviews that have been held during this period, and it is one of the problems that as soon as somebody becomes a terrorist, that per-

son becomes a celebrity, and he's being interviewed constantly on television and held up, and his opinions are sought, and so on. I think that's another kind of problem to deal with here.

So there are problems, but it seems to me we have to let it sink in to the people of Beirut that those they are harboring are doing them great damage; and we have to develop our techniques for getting back at them, too.

Q. Do you really believe, sir, that that message is getting through?

A. I don't know, but we're going to try to get it through.

Q. Because it seems to me from their perspective right now, what they must be thinking is, "We pulled off a big one on the United States."

A. I don't think so. We have our hostages back, and we are proceeding to work on this problem.

Q. But they're getting their prisoners back as well?

A. They stopped the flow of those prisoners, the release of that flow, and it's starting up again.

Q. Did the United States learn any other lessons from this?

A. I hope the American people generally have learned a lot from it, and that we have an enhanced awareness of this problem, of the difficulties of dealing with it, and yet, nevertheless, the right kind of strategy for dealing with it and that we will have more and more support for doing things that are effective on this.

I have been speaking on this subject myself for about a year and half, and some of the things that I said a year ago were greeted as very controversial and outlandish. And by this time all those statements are sort of in the mainstream of what people think. So there has been a change.

Q. You mentioned the role that—you alluded to the role that the media has played in all this in making celebrities of the people who—

A. Yes, I think it's bad.

Q. It's bad. Is there anything that could be done or should be done about it, in your view?

A. It may be that there's nothing to be done. The networks and the news media compete to do these things, and we have to manage it. I think it's really amazing what the media are able to do. They're impressive, and to some extent they have gone places that we weren't able to go to, so we learned something from it. On the other hand, they dis-

closed things, the disclosure of which hurt our efforts. And then there's a sort of a maudlin quality to a lot of it. I think.

But there's a lot of self-censorship going on, I notice.

Q. You said, "hurt your efforts." How did it hurt your—

A. If U.S. movements, or things that we might be doing, are highly publicized, then you tell the people that you're trying to deal with—the hijackers—information that we'd just as soon they not have, or if there's a lot of talk about the possibility that it has an effect on their behavior. I don't know what to do about it. It's a free press, and I believe in a free press, and I wouldn't suggest anything else. But it is a problem in managing something like this.

Q. Just one other thing. As a result of their help in all this, is Syria now more a friend of the United States in the Middle East?

A. We're very glad that President Assad and Syria did what they did, and we hope that we can build on that. But, nevertheless—and we hope they will help us get the seven that are held in that area out.

¹Read to news correspondents by Department spokesman Bernard Kalb.

²Read to news correspondents by Department spokesman Bernard Kalb. Press release 138.

³Text from Weekly Compilation of Presidential Documents of June 24, 1985.

⁴Press release 140.

⁵Secretary Shultz was interviewed by David Brinkley and Sam Donaldson, ABC News, and George F. Will, ABC News analyst. Press release 142 of June 24.

⁶Text from Weekly Compilation of Presidential Documents of July 1.

⁷Held at the White House. Press release 145 of July 1.

⁸White House press release.

⁹Secretary Shultz was interviewed by Jim Lehrer, associate editor, and Judy Woodruff, chief Washington correspondent. Press release 146 of July 2. ■

Nicaragua

**PRESIDENT'S
RADIO ADDRESS,
JUNE 8, 1985¹**

Today I want to give you some encouraging news about the opportunities for liberty, democracy, and peace in Central America, particularly in Nicaragua. This hope is based on a renewed chance for the United States to provide support to those who struggle against totalitarian communism on the mainland of this hemisphere.

We're being given something very precious—a second chance to do what is right. Recently, on April 4th, I met here in Washington with Adolfo Calero, Arturo Cruz, and Alfonso Robelo, the three principal leaders of the Nicaraguan democratic opposition. I asked these three brave men to extend their offer of a cease-fire and a church-mediated dialogue with the Sandinista regime in Managua.

Those exiled patriots and their followers made this proposal in San José, Costa Rica, on March 1 in a declaration of unity, common cause, and democratic purpose. Unfortunately, their proposal was immediately rejected by the Sandinista communists who similarly rebuffed our April 4th endorsement of this realistic peace proposal.

Shortly thereafter, our House of Representatives voted not to provide assistance to the Nicaraguan freedom fighters. The Sandinistas and their cohorts believed the way was clear for the consolidation of their communist regime. Nicaragua's dictator raced to Moscow and the bloc capitals of Eastern Europe to seal closer relations with communist tyrannies.

And now the Nicaraguans are not only continuing to import offensive weapons, they have stepped up their attacks on neighboring Honduras and unarmed Costa Rica. But as I said, we have a second chance to do what is right. On Thursday the U.S. Senate, in a show of bipartisan support, voted to aid the freedom fighters struggling for liberty and democracy in Nicaragua. The Senate has seen that their struggle is ours, that they need and deserve our help.

In the House some claim that the United States plans to become militarily involved in Central America. No such plan exists. That charge is simply a distraction from the two paramount questions that must be faced by every

member: Will you support those struggling for democracy? Will you resist the Soviet's brazen attempt to impose communism on our doorstep or won't you?

There's a bipartisan proposal in the House to keep alive the dream of freedom and peace in Nicaragua. It'll be put forward next Wednesday by Republicans Bob Michel of Illinois and Joe McDade of Pennsylvania and Democrat Dave McCurdy of Oklahoma. It is essential that this bipartisan amendment be passed without any weakening of its provisions in order for us to have a hope for peace, democracy, and reconciliation in Nicaragua.

The legislation will provide \$27 million worth of assistance to the freedom fighters, and that's not much compared to the hundreds of millions the communists are spending to prop up their Nicaraguan dictatorship.

The solution to the tragedy in Nicaragua is the very same the Congress has supported in El Salvador—liberty, democracy, and reconciliation. In El Salvador we've worked with Congress and stood firmly behind President Duarte and the democratic forces. We seek the same goals in Nicaragua. As in El Salvador, the United States stands with the democratic Senate against the enemies of liberty on both left and right. And the freedom fighters share our goals for democracy.

One of their leaders, Adolfo Calero, said this week, "We of the Nicaraguan democratic resistance believe that true peace can only come with democracy and that democracy is a precondition for peace—not the other way around."

To seize this opportunity before us, to seize this second chance now offered, the Congress and the executive branch must embark on a bipartisan course for a negotiated political settlement, national reconciliation, democracy, and genuine self-determination for the people of Nicaragua.

Just 6 years ago, the people of Nicaragua—students, labor unions, businessmen, and the church—fought for a democratic revolution, only to see it betrayed by a handful of Soviet-backed communists. We must not sit by while the Nicaraguan people are saddled with a communist dictatorship that threatens this entire hemisphere. A House vote for humanitarian aid to the freedom fighters will send a strong bipartisan message that we will not tolerate the evolution of Nicaragua into another Cuba nor will we remain with our heads in the sand while Nicaragua

becomes a Soviet client state with military installations constructed for use by the Soviet bloc.

A Soviet base in Nicaragua would give the Russians a foothold on the American mainland. America's proudest moments have come when Democrats and Republicans united for the cause of democracy. That is the path which is succeeding in El Salvador, and that is the path that will succeed in Nicaragua, too, if we support the bipartisan proposal to aid the freedom fighters.

**PRESIDENT'S STATEMENT,
JUNE 12, 1985¹**

Today the House of Representatives took a historic vote to support democracy and liberty in Central America. A clear bipartisan majority has shown that our nation stands with those who are determined to pursue a political solution and seek a democratic outcome to the crisis in Nicaragua.

Members of the House, on both sides of the aisle, have voted to help bring about the internal reconciliation in Nicaragua essential to peace and a democratic future for all Central America.

Up until now the communist Sandinistas, backed by Havana and Moscow, have stridently rejected national reconciliation through a church-mediated dialogue as proposed by the unified Nicaraguan opposition. Today's vote in the House complements the Senate's vote last week to support, with humanitarian assistance, those risking their lives for democracy. Both houses and both sides of the aisle have now demonstrated American resolve to safeguard our own national interests and to advance the rights of the people of Central America. This vote will strengthen the democratic center in Nicaragua against the extremes of the left and the right—just as has occurred in El Salvador.

It is my hope that, in this same spirit, the House and Senate will now act quickly to send me a bill making effective support available through appropriate mechanisms to those who so critically need it.

¹Text from Weekly Compilation of Presidential Documents of June 17, 1985. ■

President's Meeting With El Salvador President Duarte

Remarks by President Reagan and President Jose Napoleon Duarte following their meeting in the Oval Office on May 16, 1985.¹

President Reagan

It's always a pleasure to welcome President Duarte, a close friend. He and his people are struggling against great adversity to consolidate their democratic institutions, and we're honored to be doing what we can to help.

They're striving to build a society that guarantees free exercise of religion and speech, that does not tolerate human rights abuses, that offers its people the benefits of a growing economy. And those who question our efforts in Central America should take note of the heartwarming progress that President Duarte has made.

The people of El Salvador had another free election in March; economic reforms are continuing; and communist guerrillas are losing ground. And none of this would have been possible without the economic assistance and military training and equipment that we provided, and yet that assistance passed in the House by a very slim margin.

If there's to be peace and democracy in the region, if our neighbors are to be spared the tragedy that comes from every communist dictatorship, we must have the courage to help all our friends in Central America.

In his efforts to bring peace to his land, President Duarte has initiated a church-mediated dialogue with those fighting against his government. He has gone the extra mile to seek genuine reconciliation and to ensure his enemies the right to participate in the democratic process. He did not dictate who could represent the opposition. He met with both armed and unarmed opponents. His sincere efforts should serve as a model for all of Central America, especially those in Nicaragua who have refused to participate in a church-mediated internal dialogue, and have not followed peaceful policies toward their neighbors.

President Duarte has much to be proud of. The recent successful election and the indisputable improvement in the human rights climate in El Salvador are due in no small part to his efforts. I deeply appreciate his courageous sup-

port of my Nicaraguan peace initiative of last April and of our trade embargo against Nicaragua. And I assured him that we will continue our efforts to thwart communist aggression and subversion in the region.

Peace will not be possible in Central America until Nicaragua ceases to support the subversion of its neighbors and itself achieves national reconciliation through democratic elections. The United States will continue working with President Duarte to build peace, prosperity, and freedom in his own land and to bring stability throughout Central America. It's been a great pleasure to exchange views with him today.

President Duarte

It is always a fruitful experience to visit with my good friend, President Ronald Reagan. We have today addressed most of the underlying problems of mutual concern and agreed that peace is obtainable in Central America as we draw the line on Marxist totalitarianism.

We have come far in El Salvador but have yet a long, difficult road to

travel. The March election reaffirmed the commitment of my people to a peaceful, democratic solution of our problems. I fully share that commitment. But the need to curb foreign intervention is paramount in our purposes.

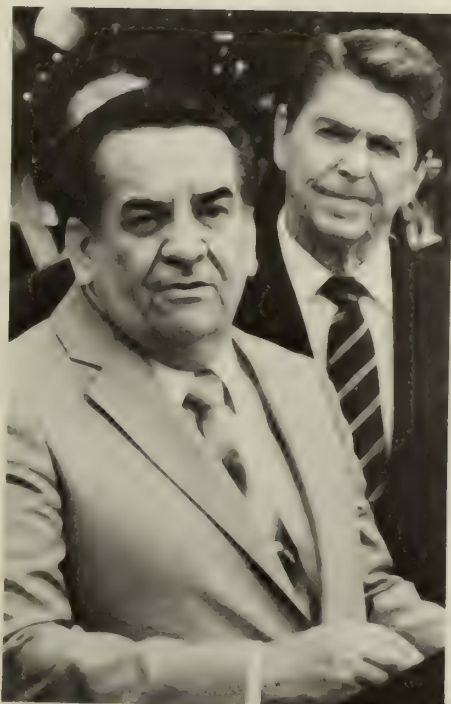
Later this week and next, I shall meet with congressional, business, and labor leaders of the United States. I will reassure them all of my unwavering support to democratic, peaceful changes based on a strong and healthy economy, which we will work to build in close partnership with private enterprise.

Of the two Central American revolutions of 1979, ours has succeeded as Nicaragua's has been betrayed. We have fulfilled our commitment and kept our promise, while the Marxist Sandinista regime has not. Our press is free to say and publish what it wants. *La Prensa* in Nicaragua is censored every day down to a few lines.

I have assured President Reagan of our support of his purpose to stop the spread of foreign ideologies and thank him for his continuing and stimulating acknowledgement of our efforts.

¹Made to news correspondents assembled at the South Portico of the White House (text from Weekly Compilation of Presidential Documents of May 20, 1985). ■

Visit of Honduran President



(White House photo by Terry Arthur)

President Roberto Suazo Cordova of the Republic of Honduras made an official working visit to Washington, D.C., May 20-22, 1985, to meet with President Reagan and other government officials.

Following are remarks by the two Presidents after their meeting and the text of a joint communique.¹

REMARKS AFTER MEETING, MAY 21, 1985²

President Reagan

It's been a privilege to have President Suazo of Honduras, a friend of the United States and a friend of democracy, here for a visit.

We've had very useful discussions during which both of us expressed our satisfaction with the positive relationship that our two countries enjoy.

We're in full agreement that the growth of democracy and economic op-

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portunity is essential to peace and security in Central America.

We reviewed the accomplishments of the U.S.-Honduran joint commission established last year to promote the closest possible cooperation between our two governments. The joint commission is an excellent example of how friends can work together in a framework of mutual respect and cooperation.

I expressed to President Suazo my personal appreciation for his government's strong support for our policies in Central America. Our two governments share serious concern over the threat to the entire region posed by the communist Sandinista regime in Nicaragua and its Cuban and Soviet supporters. President Suazo and I renewed our commitment to face this challenge together and to counter aggression and subversion.

I also expressed today my continued support for peace efforts through the Contadora process. Honduras and the United States both back a comprehensive solution based on full, verifiable implementation of the Contadora document of objectives, including dialogue to achieve national reconciliation through democratic elections.

President Suazo and I are today issuing a joint statement that sums up the state of relations between our two countries. In it, the American commitment to the sovereignty and territorial integrity of Honduras is restated in clear and firm terms.

Honduras is a friendly nation facing a serious threat of communist aggression and subversion. There should be no doubt that we will fulfill our mutual defense obligation under the Rio treaty and the OAS [Organization of American States] Charter.

Finally, it was a great personal pleasure to meet again with President Suazo. Honduras is on the path to democracy—a course which will in the long run ensure its people the fruits of freedom and prosperity.

I and the people of the United States look forward to continued close friendship and cooperation with President Suazo and the people of Honduras.

President Suazo³

Mr. President, this is the fourth meeting between us since I became President of my country as a result of the freely expressed will of the Honduran people.

This visit takes place a scant 6 months prior to general elections in Honduras. And for the first time in 50 years, a civilian will have the great

privilege of handing over the reins of government to another civilian elected in free and honest elections.

Our emerging democracy has been subjected to the worst economic crisis of the century and exposed to the most severe international threats. These circumstances have made our task more difficult. Not everything I would have liked to have done has been possible. However, I will hand over to my legitimate successor a nation enjoying complete freedom, ready to face the challenges of the future with faith in its capacity for progress and with a deep-rooted conviction of justice.

Honduras, which has honored friendship and solidarity with other democracies, also needs its friends. It requires a clear expression of support in order to continue its development in peace, security, and with justice and liberty for all.

My visit to this beautiful country underlines the beginning of a new relationship between Honduras and the United States, a new relationship which is based on mutual respect and cooperation with interdependency. A new relationship takes into account our differences and our common interests, our needs, and our potential.

As a result of high-level negotiations between our countries over the past 6 months, President Reagan and I have today committed ourselves to a more solid friendship and to closer cooperation based on mutual respect of our own dignity.

Thus, we have reaffirmed the general principles of a new relationship in economic as well as security matters. We have decided to continue to maintain on a permanent basis the high-level commissions which have been meeting to deal with these matters and to have systematic consultations between the Secretary of State and the Foreign Minister of Honduras.

President Reagan, with great sensitivity, has understood the urgent need to cooperate with the Honduran people in order to stabilize and reactivate our economy. We have reached a mutually satisfactory agreement for the disbursement of aid programs for this year. And talks have been initiated to project economic and technical cooperation over the coming years. This dialogue will allow us to give proper attention to the renewed efforts which will have to be made in order to speed up a process of economic, social, and administrative reform. The success of democracy in Honduras will depend on carrying out these efforts.

Even though social justice, the sustained development of our economy, and political participation should be the basis of our national security, President Reagan and I have evaluated the international dangers faced by Honduras, the Central American region, and the United States itself. Our countries will not fail to provide assistance to each other in order to face these threats. In the case of Honduras, we have received security guarantees from the United States.

Honduras does not have aggressive designs on any country. In the crisis faced by Central America, we shall continue our efforts to reach a negotiated agreement within the Contadora peace initiative. We look forward to a full and verifiable regional peace and cooperation agreement based on the 21 objectives set forth by the five Central American states.

Our talks have proven to be very helpful in promoting excellent links of friendship and cooperation between our peoples and governments, as well as for the peace and security of the Central American region. I shall return to Honduras having reaffirmed my admiration for the American people, my faith in the understanding of its legislators, and my confidence that the leadership, which you undoubtedly exert, will always be present to serve the ideals that make this nation great, ideals which were shared by the founding fathers of our respective nations when they were searching for independence, democracy, and liberty.

JOINT COMMUNIQUE, MAY 21, 1985

The Presidents of the United States of America and the Republic of Honduras, meeting in Washington, D.C., on May 21, 1985, with full commitment of their Governments to the ideals of justice, liberty and democracy that the people of the Western Hemisphere seek, and recognizing the critical situation in which these values are being tested in Central America today as well as the urgent obligation to safeguard them, issue this communique:

The two Presidents noted with satisfaction the warm, cooperative ties between the two nations, including the very close security relationship which contributes to peace and stability in the Central American region and strengthens the independence and sovereignty of their respective nations. Both Presidents expressed great satisfaction with the work of the Joint Commission on U.S.-Honduran relations that was formed in Washington in November 1984 to promote, on the basis of sovereign equality and mutual respect, sustained economic and social development and enhanced security.

END NOTES

The Presidents reviewed the results of recent discussions on economic matters within the Joint Commission, in particular the program for economic revitalization being developed by the Government of Honduras and the support of that program by the United States through economic assistance funds. They reaffirmed the agreements reached by the Joint Commission for the disbursement during 1985 of \$147.5 million in Economic Support Funds. The two Presidents expressed approval of the objectives of the Honduran economic program to achieve sustained, non-inflationary economic growth through measures to control fiscal and balance of payments deficits.

They endorsed the mutual efforts to encourage expansion of the productive and exporting sectors of the Honduran economy. They agreed that their governments will cooperate closely and will seek increasing levels of bilateral and multilateral economic assistance to support economic stability, growth, and development to improve the living standard of the people of Honduras.

The Presidents reviewed the work on security issues of the Joint Commission, including the ongoing review of the Military Assistance Agreement between the United States and Honduras of 1954. They expressed approval for modification of that Agreement and associated documents with respect to the following:

- the exercise of criminal jurisdiction over United States Department of Defense personnel present in Honduras;
- the sharing of maintenance and repair costs at specified Honduran airfields;
- the establishment of standard procedures for settling claims associated with United States military activity in Honduras; and
- the establishment of a joint political-military administrative group to review and facilitate appropriate administrative issues.

They further expressed satisfaction with the substantive progress made in the Joint Commission's review of the following areas of mutual interest: operating procedures related to the scheduling and planning of combined military exercises; counter-terrorism training; U.S. use of Honduran military facilities and airspace; and continued joint consultations and security threat analysis to facilitate Honduran planning of minimum force and force modernization requirements.

In the context of their review of the security relationship, the two Presidents reaffirmed their governments' intention to continue to work closely together to confront the serious threats to the peace and security of both countries through mutual assistance and the development of defensive capabilities. To this end, the Government of the United States will continue to cooperate, as necessary and appropriate, in the strengthening of Honduras' defenses and the modernization of its armed forces.

The Government of the United States further reiterated its firm and unwavering commitment to cooperate in the defense of the sovereignty and territorial integrity of

Honduras in accordance with the reciprocal rights and obligations relating to individual and collective self-defense and the use of armed force, as expressed in the Inter-American Treaty of Reciprocal Assistance, the Charter of the United Nations and the Charter of the Organization of American States.

In view of the very close and cooperative nature of the two countries' political and security relationships and the very serious security threats that exist in Central America, the Governments of the United States and Honduras reaffirm the rights and obligations in these three agreements, including Article 3 of the Inter-American Treaty of Reciprocal Assistance, Article 51 of the Charter of the United Nations and Article 21 of the Charter of the Organization of American States. In case of an armed attack against Honduras, the United States will take appropriate measures, consistent with the rights and obligations cited above, to consult with and support in a timely and effective manner the Government of Honduras in its efforts to defend its sovereignty and territorial integrity against communist aggression.

To ensure the success of these cooperative efforts, the two Presidents agreed that the Governments will maintain close working relations through the continued work of the Joint Commission, and periodic consultations of their foreign ministers and other governmental officials on matters of mutual interest or concern.

Lastly, the two Presidents reiterated their conviction that the development of the Central American people can be fulfilled only in a climate of peace and liberty. In this sense, they expressed their firm support for a verifiable and comprehensive implementation of the Contadora Document of Objectives including, in particular, dialogue to achieve national reconciliation in the democratic framework.

¹Texts from Weekly Compilation of Presidential Documents of May 27, 1985.

²Made before news correspondents assembled at the South Portico of the White House.

³President Suazo spoke in Spanish, and his remarks were translated by an interpreter. ■

June 1985

The following are some of the significant official U.S. foreign policy actions and statements during the month that are not reported elsewhere in this periodical.

June 3

The Department of State submits President Reagan's 18th semiannual report on the implementation of the Helsinki Final Act to the Commission on Security and Cooperation in Europe.

U.S. signs agreement with Romania to limit steel exports to the U.S.

June 4

The U.S. pledges an additional \$4.5 million to the UN High Commissioner for Refugees for victims of drought and civil strife in Africa.

June 5

The U.S. orders the expulsion of Farhat Tibar, an administrative attache of the Libyan Mission to the United Nations, for illegal activities involving attacks against Libyan dissidents in the U.S.

June 7-27

The International Labor Organization conducts its 71st annual conference in Geneva. Under Secretary of Labor Searby heads the U.S. delegation. Secretary of Labor Brock also attended the conference briefly.

June 9

Thomas M. Sutherland, dean of agriculture at the American University of Beirut, is kidnapped by gunmen as he drove from Beirut airport to the campus.

June 11

In Berlin, the U.S. releases 4 East Europeans imprisoned for espionage in exchange for 25 Western agents held in East Germany and Poland.

June 12

President Reagan signs the U.S.-Israel Free Trade Area Implementation Act of 1985.

In a vote of 248 to 184, the House approves \$27 million in nonmilitary aid to the freedom fighters seeking to overthrow the Nicaraguan Government.

June 13

Secretary Shultz meets with Brazilian Foreign Minister Setubal.

President Reagan submits to Congress a report from the Chemical Warfare Review Commission which states that although the U.S. stockpile of chemical weapons does provide a deterrent, its utility and reliability are declining. President Reagan urges Congress to authorize funding for a projected binary munitions program which offers a much safer and more credible deterrent.

June 14

In protest of a South African attack (June 13) in Gaborone, Botswana, and other incidents of cross-border violence in southern Africa, the U.S. calls back its ambassador to South Africa, Herman Nickel, for consultations.

June 17

Mexican authorities find the bodies of two Americans, believed to be missing since January 30, in a shallow grave near Guadalajara.

June 18

U.S. and Soviet Union sign a new protocol in Moscow, agreeing to resume an agricultural cooperation program which began in 1973 and was suspended in 1980.

U.S. suspends processing of preference immigrant visas in Havana "in light of Cuba's suspension of the Mariel agreement and nor-

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mal migration procedures," according to Department of State spokesman Kalb.

June 19

A U.S. citizen is fatally shot by a Honduran Army patrol near the Salvadoran border.

State Department issues a travel advisory warning U.S. citizens of the potential danger of air travel to, through, or from Athens International Airport. The advisory warns travelers that "an above average potential for terrorist activity exists."

June 20

In a statement read by State Department spokesman Kalb, the U.S. sharply criticizes Nicaragua for its refusal to consider a Contadora proposal for agreement on key security issues.

President Reagan increases duties on imported European Communities (EC) pasta products in retaliation for unfair EC trade practices against U.S. citrus exports.

U.S. votes in favor of a UN Security Council resolution condemning South Africa for raids into Angola. The vote is unanimous. ■

Current Actions

MULTILATERAL

Atomic Energy

Agreement amending and extending the arrangement of Jan. 25, Mar. 20 and Apr. 18, 1980, on research participation and technical exchange in a coordinated analytical and experimental study of the thermohydraulic behavior of emergency core coolant during the refill and reflood phase of a loss-of-coolant accident in a pressurized water reactor (TIAS 9835), with attachment. Signed at Washington, Bonn, and Tokyo Mar. 13, Apr. 4 and 15, 1985. Entered into force Apr. 15, 1985.

Signatures: Federal Republic of Germany, Apr. 4, 1985; Japan, Apr. 15, 1985; U.S., Mar. 13, 1985.

Automotive Traffic

Amendment to customs convention of June 4, 1954, on the temporary importation of private road vehicles (TIAS 3943). Done at New York July 2, 1984.

Entry into force: Apr. 23, 1985.

Conservation

Convention on the conservation of Antarctic marine living resources, with annex for an arbitral tribunal. Done at Canberra May 20, 1980. Entered into force Apr. 7, 1982. TIAS 10240.

Accession deposited: India, June 17, 1985.

Containers

International convention for safe containers, 1972, as amended (TIAS 9037, 10220). Done at Geneva Dec. 2, 1972. Entered into force

Sept. 6, 1977; for the U.S. Jan. 3, 1979.

Accession deposited: Pakistan, Apr. 10, 1985.

Finance—African Development Bank

Agreement establishing the African Development Bank, with annexes. Done at Khartoum Aug. 4, 1963, as amended at Abidjan May 17, 1979. Entered into force May 7, 1982; for the U.S. Jan. 31, 1983.

Signature: China, May 9, 1985.

Marine Pollution

International convention on the establishment of an international fund for compensation for oil pollution damage. Done at Brussels Dec. 18, 1971. Entered into force Oct. 16, 1978.¹

Accession deposited: Oman, May 10, 1985.

Protocol of 1978 relating to the international convention for the prevention of pollution from ships, 1973. Done at London Feb. 17, 1978. Entered into force Oct. 2, 1983.

Accessions deposited: Democratic People's Republic of Korea, May 1, 1985; Panama, Feb. 20, 1985.

Territorial application: Extended to Faroe Islands by Denmark, with effect from Apr. 25, 1985.

Maritime Matters

Convention for the international regulations for preventing collisions at sea, 1972, with regulations. Done at London Oct. 20, 1972. Entered into force July 15, 1977. TIAS 8587.

Accessions deposited: Democratic People's Republic of Korea, May 1, 1985; Oman, Apr. 25, 1985.

International convention on standards of training, certification, and watchkeeping for seafarers, 1978. Done at London July 7, 1978. Entered into force Apr. 28, 1984.¹

Accessions deposited: Democratic People's Republic of Korea, May 1, 1985; Pakistan, Apr. 10, 1985.

Territorial application: Extended to Isle of Man by the U.K., with effect from July 1, 1985.

International convention on maritime search and rescue, 1979, with annex. Done at Hamburg Apr. 27, 1979. Entered into force Mar. 5, 1980. TIAS 6839.

Accessions deposited: German Democratic Republic, Apr. 22, 1985; New Zealand, Apr. 26, 1985.²

Nuclear Weapons—Nonproliferation

Treaty on the nonproliferation of nuclear weapons. Done at Washington, London, and Moscow July 1, 1968. Entered into force Mar. 5, 1970. TIAS 6839.

Notification of succession deposited: Kiribati, Apr. 18, 1985.

Nuclear Material—Physical Protection

Convention on the physical protection of nuclear material, with annexes. Done at Vienna Oct. 26, 1979.³

Ratification deposited: Guatemala, Apr. 23, 1985.⁴

Patents—Micro-organisms

Budapest treaty on the international recognition of the deposit of micro-organisms for the purpose of patent procedure, with regulations. Done at Budapest Apr. 28, 1977. Entered into force Aug. 19, 1980. TIAS 9768.

Ratification deposited: Denmark, Apr. 1, 1985.

Phonograms

Convention for the protection of producers of phonograms against unauthorized duplication of their phonograms. Done at Geneva Oct. 29, 1971. Entered into force Apr. 18, 1973; for the U.S. Mar. 10, 1974. TIAS 7808. Notification of accession: Peru, May 24, 1985.

Pollution

Protocol to the convention on long-range transboundary air pollution of Nov. 13, 1979 (TIAS 10541), concerning monitoring and evaluation of the long-range transmission of air pollutants in Europe (EMEP), with annex. Done at Geneva Sept. 28, 1984.³

Approval deposited: Hungary, May 8, 1985.

Accession deposited: Liechtenstein, May 1, 1985.

Convention for the protection of the ozone layer, with annexes. Done at Vienna Mar. 22, 1985. Enters into force on the 90th day after the date of deposit of the 20th instrument of ratification, acceptance, approval, or accession. Signatures: U.S., Argentina, Belgium, Byelorussian S.S.R., Canada, Chile, Denmark, EEC, Egypt, Finland, France, Federal Republic of Germany, Greece, Italy, Netherlands, Norway, Peru, Sweden, Switzerland, Ukrainian S.S.R., U.S.S.R., Mar. 22, 1985.

Safety at Sea

International convention for the safety of life at sea, 1974, with annex. Done at London Nov. 1, 1974. Entered into force May 25, 1980. TIAS 9700.

Accessions deposited: Democratic People's Republic of Korea, May 1, 1985; Oman, Apr. 25, 1985; Pakistan, Apr. 10, 1985; Saudi Arabia, Apr. 24, 1985.

Territorial application: Extended to Isle of Man by U.K., with effect from July 1, 1985.

Protocol of 1978 relating to the international convention for the safety of life at sea, 1974 (TIAS 9700). Done at London Feb. 17, 1978. Entered into force May 1, 1981. TIAS 10009. Accessions deposited: Democratic People's Republic of Korea, May 1, 1985; Oman, Apr. 25, 1985; Pakistan, Apr. 10, 1985. Territorial application: Extended to Isle of Man by U.K., with effect from July 1, 1985.

Satellite Communications System

Agreement relating to INTELSAT, with annexes. Done at Washington Aug. 20, 1971. Entered into force Feb. 12, 1973. TIAS 7532. Accession deposited: Bahamas, May 30, 1985.

Operating agreement relating to INTELSAT, with annex. Done at Washington Aug. 20, 1971. Entered into force Feb. 12, 1973. TIAS 7532.

Signature: Bahamas Telecommunications Corporation (BATELCO), Bahamas, May 30, 1985.

Seals

1984 Protocol amending the interim convention of Feb. 9, 1957, as amended and extended, on conservation of North Pacific fur seals (TIAS 3948, 5558, 8368, 10020), with statement. Signed at Washington Oct. 12, 1984.¹ Acceptance deposited: Japan, June 12, 1985.

Telecommunications

Radio regulations, with appendices and final protocol. Done at Geneva Dec. 6, 1979. Entered into force Jan. 1, 1982; definitively for the U.S. Oct. 27, 1983. Approval deposited: Australia, Mar. 26, 1985.

Wheat

1983 protocol for the further extension of the wheat trade convention, 1971 (TIAS 7144). Done at Washington Apr. 4, 1983. Entered into force July 1, 1983.

1983 protocol for the further extension of the food aid convention, 1980 (TIAS 10015). Done at Washington Apr. 4, 1983. Entered into force July 1, 1983. Declarations of provisional application deposited: Argentina, June 21, 1985.

BILATERAL

Bolivia

Memorandum of understanding for scientific and technical cooperation in the earth sciences. Signed at La Paz and Reston Apr. 24, and May 29, 1985. Entered into force May 29, 1985.

Canada

Memorandum of understanding for a cooperative program concerning detailed definition and preliminary design (Phase B) of a permanently manned space station. Signed at Ottawa Apr. 16, 1985. Entered into force Apr. 16, 1985.

China

Agreement amending agreement of Aug. 19, 1983, relating to trade in cotton, wool, and manmade textiles and textile products. Effected by exchange of notes at Beijing and Washington June 5 and 17, 1985. Entered into force June 17, 1985.

European Space Agency

Memorandum of understanding for a cooperative program concerning detailed definition and preliminary design (Phase B) of a permanently manned space station. Signed at Paris June 3, 1985. Entered into force June 3, 1985.

Finland

Agreement for cooperation concerning peaceful uses of nuclear energy, with annexes and agreed minute. Signed at Washington May 2, 1985. Enters into force upon exchange of diplomatic notes informing each other that they have complied with all applicable requirements for its entry into force.

Federal Republic of Germany

Agreement extending the technical exchange and cooperative arrangement of Dec. 20, 1974, as amended and extended (TIAS 9067, 10040), in the field of management of radioactive wastes. Signed at Bonn Apr. 17 and 19, 1985. Entered into force Apr. 19, 1985; effective Dec. 31, 1984.

Italy

Memorandum of understanding concerning cooperation in the field of transportation. Signed at Rome Apr. 12, 1985. Entered into force Apr. 12, 1985.

Ivory Coast

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Abidjan Feb. 27, 1985. Entered into force Apr. 10, 1985.

Japan

Memorandum of understanding for a cooperative program concerning detailed definition and preliminary design (Phase B) of a permanently manned space station. Signed at Tokyo May 9, 1985. Entered into force May 9, 1985.

Liberia

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes and implementing agreement regarding payments due under PL-480 agricultural commodity agreements. Signed at Monrovia May 3, 1985. Entered into force: June 24, 1985.

Luxembourg

Memorandum of understanding concerning the operation of the INTELPOST field trial, with details of implementation. Signed at Luxembourg and Washington Apr. 29 and May 28, 1985. Entered into force: June 3, 1985.

Macao

Memorandum of understanding concerning the operation of the INTELPOST field trial, with details of implementation. Signed at Macao and Washington Apr. 29 and May 21, 1985. Entered into force May 21, 1985.

Malaysia

Agreement amending and extending agreements of Dec. 5, 1980, and Feb. 27, 1981, as amended and extended (TIAS 10101), relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Kuala Lumpur June 17 and 18, 1985. Entered into force June 18, 1985.

Mauritius

Agreement concerning cotton, wool, and manmade fiber textiles and apparel. Effected by exchange of notes at Port Louis June 3 and 4, 1985. Entered into force June 4, 1985; effective Oct. 1, 1984.

Mexico

Agreement amending the agreement of Apr. 18, 1962, as amended (TIAS 5043, 8185, 9641, 9746, 10447), relating to the assignment and use of television channels along the U.S.-Mexican border. Effected by exchange of notes at Washington Oct. 12 and Nov. 13, 1984, and Apr. 8, 1985. Entered into force Apr. 8, 1985.

Agreement amending the agreement of June 18, 1982 (TIAS 10535), relating to assignments and usage of television broadcasting channels in the frequency range 470-806 MHz (channels 14-69) along the U.S.-Mexican border. Effected by exchange of notes at Washington Oct. 31, 1984, and Apr. 8, 1985. Entered into force Apr. 8, 1985.

Agreements amending the agreement of Nov. 9, 1972, as amended (TIAS 7697, 9436, 9647, 10159, 10234, 10466, 10688, 10792), concerning frequency modulation broadcasting in the 88 to 108 MHz band. Effected by exchange of notes at Washington Dec. 21, 1984, and Mar. 18, 1985, and Mar. 21 and May 14, 1985. Entered into force Mar. 18 and May 14, 1985.

Panama

International express mail agreement, with detailed regulations. Signed at Panama and Washington Mar. 29 and May 21, 1985. Entered into force July 1, 1985.

Philippines

Agreement amending agreement of Nov. 24, 1982 (TIAS 10612), as amended, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of notes at Washington Apr. 9 and June 11, 1985. Entered into force June 11, 1985; effective Jan. 1, 1985.

Senegal

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Dakar June 5, 1985. Enters into force on receipt by Senegal of written notice from the U.S. that all necessary domestic legal requirements have been fulfilled.

Sierra Leone

Agreement for sale of agricultural commodities. Signed at Freetown May 9, 1985. Entered into force May 9, 1985.

Singapore

Agreement amending agreement of Aug. 21, 1981, as amended, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Washington May 20 and June 19, 1985. Entered into force June 19, 1985.

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Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Washington May 9, 1985. Entered into force: June 12, 1985.

Sweden

Agreement on social security, with administrative arrangement. Signed at Stockholm May 27, 1985. Enters into force on the first day of the third month in which each government has received from the other written notification that it has complied with all statutory and constitutional requirements.

Thailand

Agreement amending agreement of July 27 and Aug. 8, 1983, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of notes at Bangkok Feb. 28 and Apr. 25, 1985. Entered into force Apr. 25, 1985.

Tunisia

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, with exchange of notes. Signed at Washington June 17, 1985. Enters into force upon exchange of instruments of ratification.

United Kingdom

Supplementary treaty to the extradition treaty of June 8, 1972 (TIAS 8468), with annex. Signed at Washington June 25, 1985. Enters into force upon the exchange of instruments of ratification.

Uruguay

Agreement amending agreement of Dec. 30, 1983 and Jan. 23, 1984, as amended, concerning exports of certain textile products manufactured in Uruguay to the U.S. Effected by exchange of notes at Montevideo Mar. 28 and Apr. 30, 1985. Entered into force Apr. 30, 1985.

¹Not in force for the United States.

²Applicable to the Cook Islands and Niue.

³Not in force.

⁴With reservation. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
*124	6/4	New Bureau of International Communications and Information Policy established.
125	6/6	Shultz: interview by radio-television Portugal, Lisbon, June 5.
*126	6/7	Program for the official visit of Indian Prime Minister Gandhi, June 11-15.

127	6/11	<i>American Foreign Policy: Current Documents, 1982</i> released.
*128	6/10	Shultz, Thatcher: news briefing, London, June 7.
129	6/10	Shultz: remarks and question-and-answer session before the American Stock Exchange Washington conference.
*130	6/10	Shultz: arrival statement, Hamilton, June 8.
*131	6/11	William A. Brown sworn in as Ambassador to Thailand (biographic data).
132	6/13	Shultz: luncheon toast in honor of Prime Minister Gandhi, June 12.
*133	6/13	Program for the official working visit of Tunisian President Bourguiba, June 14-26.
*134	6/14	Shultz: welcoming remarks for the Sumo Asso. of Japan, June 11.
*134A	6/13	Shultz: remarks upon presentation of U.S.-Japan friendship cup to the Sumo Asso. of Japan, June 11.
135	6/14	U.S.-India joint press release on space cooperation.
136	6/13	Shultz: news conference, Estoril, June 7.
*137	6/14	Vernon A. Walters appointed U.S. Permanent Representative to the United Nations (biographic data).
138	6/17	Shultz: statement on TWA hijacking.
139	6/19	Shultz: statement on economic assistance to Jordan before the Senate Foreign Relations Committee.
140	6/19	Shultz: statement on TWA hijacking before the Senate Foreign Relations Committee.
*141	6/19	Conference on U.S. trade and investment in Africa, Chicago, June 20.
142	6/24	Shultz: interview on ABC-TV's "This Week With David Brinkley," June 23.
143	6/28	Shultz: address and question-and-answer session before the UN Asso. of San Francisco, San Francisco Chamber of Commerce, World Affairs Council of Northern California, San Francisco, June 26.

*Not printed in the BULLETIN. ■

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Department of State

Free single copies of the following Department of State publications are available from the Correspondence Management Division, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

President Reagan

Building an Interim Framework for Mutual Restraint, June 1985 (Special Report #131).

Secretary Shultz

Jordan and the Middle East Peace Process, Senate Foreign Relations Committee, June 19, 1985 (Current Policy #715).

Foreign Assistance Program: FY 1986 Budget and 1985 Supplemental Request, transmittal to the Congress, May 1985 (Special Report #128).

Arms Control

The Strategic Defense Initiative, Department of State report, June 1985 (Special Report #129).

SDI and the ABM Treaty, Ambassador Nitze, Johns Hopkins School of Advanced International Studies, May 30, 1985 (Current Policy #711).

Nuclear-Non-Proliferation Treaty (GIST, June 1985).

East Asia

U.S.-Japan Relations: Dangers and Opportunities, Myths, and Realities, Assistant Secretary Wolfowitz, Associated Japan-American Societies of the United States, New York City, June 13, 1985 (Current Policy #714).

Economics

Can Free Trade Restore the U.S. Balance of Trade? Deputy to the Under Secretary for Economic Affairs Robert J. Morris, Valley International Trade Asso., Los Angeles, May 21, 1985 (Current Policy #710).

Strengthening the Open Multilateral Trading System, Under Secretary Wallis, Conference on World Economy and Peace, May 18, 1985 (Current Policy #712).

Europe

U.S.-Soviet Quality of Life: A Comparison, Ambassador Shifter, Human Rights Experts' meeting of the CSCE, Ottawa, May 22, 1985 (Current Policy #713).

Pacific

The ANZUS Alliance (GIST, June 1985). ■

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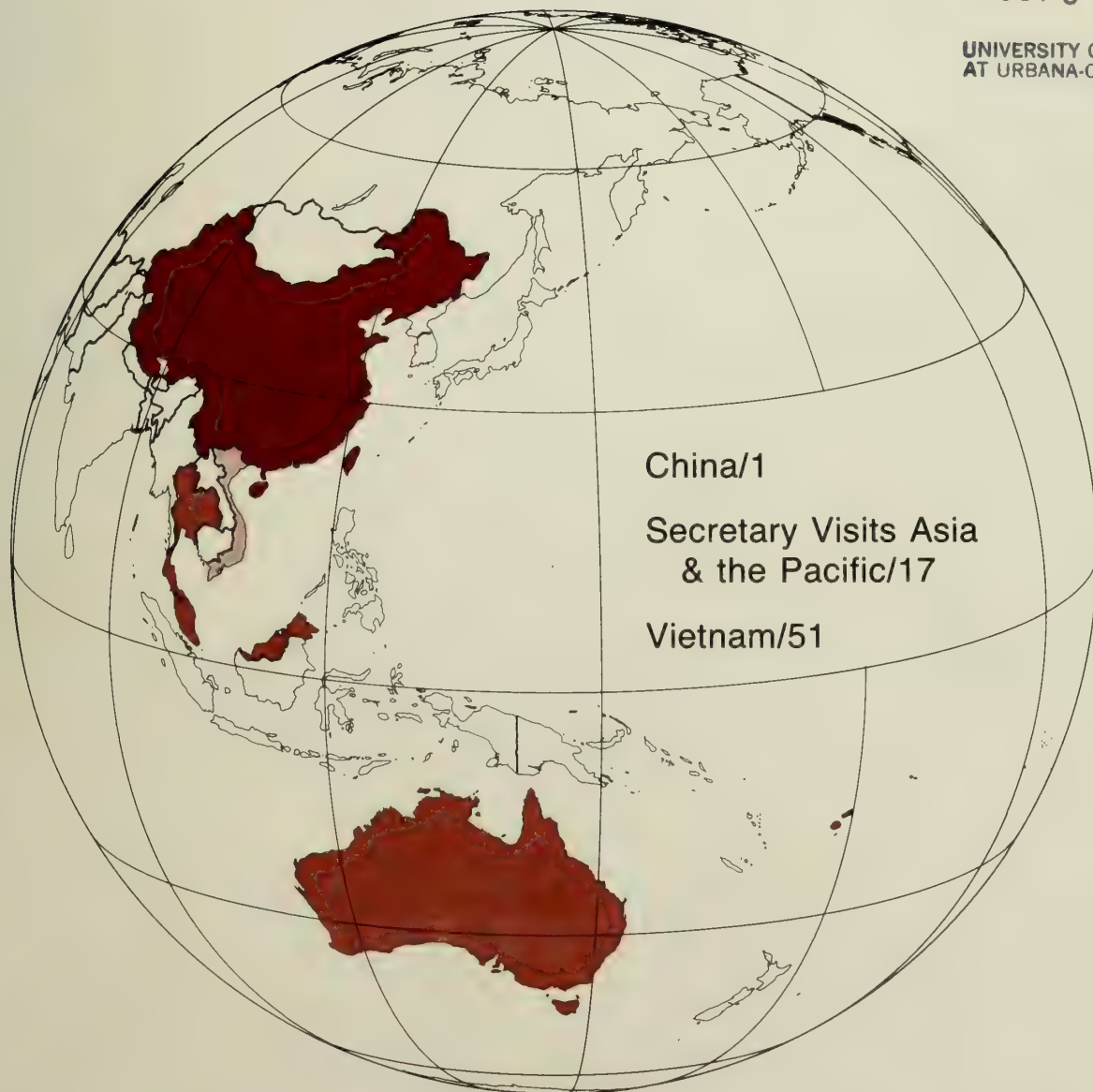
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The BULLETIN's contents include major addresses and news conferences of the President and the Secretary of State; statements made before congressional committees by the Secretary and other senior State Department officials; selected press releases issued by the White House, the Department, and the U.S. Mission to the United Nations; and treaties and other agreements to which the United States is or may become a party. Special features, articles, and other supportive material (such as maps, charts, photographs, and graphs) are published frequently to provide additional information on current issues but should not necessarily be interpreted as official U.S. policy statements.

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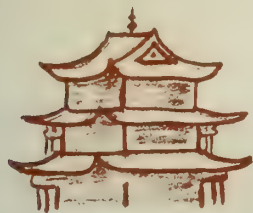
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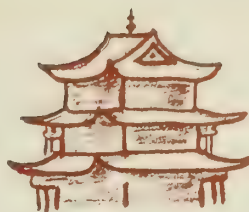
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Fortress at Jiayuguan where the portion of the Great Wall built by the Ming Dynasty in the late 14th century ends.



FEATURE China

Visit of Chinese President

President Li Xiannian of the People's Republic of China made a state visit to the United States, July 21-31, 1985, to meet with President Reagan and other government officials.

Following are arrival ceremony remarks made by the two Presidents, luncheon toasts by Secretary Shultz, the full text of the U.S.-P.R.C. agreement on nuclear cooperation, and President Reagan's message to the Congress transmitting the proposed agreement.

ARRIVAL CEREMONY, JULY 23, 1985¹

President Reagan

It is my pleasure today to welcome you, President Li. This is your first trip to the United States and the first visit by a Chinese head of state to our country.

It's a great honor to have you, your wife, and the distinguished delegation who accompanied you as our guests. During my visit to China last year, I had the opportunity to get to know President Li. Under the guidance of President Li and other wise leaders, the Chinese people are enjoying greater productivity and a rising standard of living.

The American people are working with them as friends and partners in enterprise. Trade between us is at a record level and continues to climb. Scientific, technological cooperation is being put to use in a wide range of endeavors, and this too can be expected to increase.

Our educational and cultural exchanges—already substantial—are expanding. We're in the initial phases of cooperation in the control of narcotics and antiterrorism. And by our common opposition to aggression, we are not only enhancing our mutual security but bolstering world peace as well.

Both our peoples should be proud that in a few short years a solid foundation of good will has been laid. Ours is

an increasingly productive relationship based not on personality or momentary concerns, but on a recognition that our nations share significant common interests and an understanding of the many benefits we've reaped from the good will between us.

Now, this doesn't mean that there are no areas of disagreement; however, we will continue to put any differences in perspective. When I met with you, President Li, in the Great Hall of Beijing, I suggested a Chinese principle that can serve as a tool in building an ever-stronger bond between us: *hu jing, hu hui*—mutual respect, mutual benefit. Let us proceed in that spirit—*hu jing, hu hui*. As leaders of great nations, we should expect nothing more and accept nothing less.

President Li, we Americans highly value the ties we have built with the people of China in these last 13 years. We rejoice with you over the economic success your country is enjoying, and I'm pleased to be playing a small part in the modernization effort. We wish for the people of China what we wish for ourselves—to live in peace and to enjoy prosperity. By working together the people of both our countries can achieve this noble goal. We are pleased to have you with us.

On behalf of the people of the United States I say, *huan ying*. Welcome.



(© National Geographic Society)



President Reagan with President Li.

President Li²

At the kind invitation of President Reagan I've come to pay a visit to a great country. On behalf of the Chinese Government and the people, I wish to extend a heartfelt thanks and the best wishes to the American Government and the people.

I am very happy to see that you are recovering so fast, and I'm deeply touched by your participation in the welcoming ceremony.

The purpose of my coming to visit is to deepen mutual understanding, enhance our bilateral relations, increase the friendship between our two peoples, and safeguard world peace. I believe this purpose is in conformity with the interests and desires of our two peoples. Both China and the United States are great countries and both our peoples, great peoples. I am convinced that if China and the United States can establish a long-term and stable relationship of friendship and cooperation on the basis of the five principles of peaceful coexistence, it will greatly benefit our two peoples and world peace.

In the past two centuries or more the Sino-U.S. relations went through a tortuous road, with both exciting moments of joy and the painful periods that provoked thought. It is gratifying to note that since 1972 leaders of the two countries, judging the hour and sizing up the situation, have cooperated to lay down principles guiding bilateral relations and have reached a number of agreements that provide the foundation for the establishment of a long-term and a stable relationship of friendship.

The Sino-U.S. relations have made very big progress. A dozen years ago very few people could foresee the present level of development in our bilateral relations. However, I wish to point out that in our relations there are even today great potentials to be tapped and obstacles and difficulties to be overcome. The new situation demands our fresh efforts and new achievements. I hope that a dozen years hence, when we look back, we shall be able to feel gratified, as we do today, that as we proceed difficulties are increasingly reduced and our steps grow more vigorous.

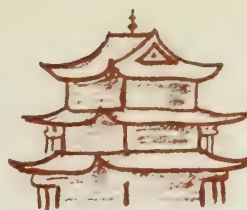
SECRETARY'S LUNCHEON TOAST, JULY 23, 1985³

When the new relationship between China and the United States developed in the early 1970s, and we have veterans of that great event sitting here with us today, strategic concerns were prominent in the minds of leaders of both sides. Our common interest in regional stability and world peace remains an essential element of our relationship today. Movement toward those shared objectives also provides the political stability central to the continued success story in Asia and to the broader global balance. Today, we can also point to the striking fact that the range of our mutual interests and the prospects for cooperation extend far beyond the concerns that originally brought us together. We have expanded, broadened and deepened our bilateral ties in ways that not even the optimist among us would have predicted a decade ago. Since normalization, we have concluded over 20 bilateral agreements, touching nearly every facet of our peoples' lives. These accords have opened the door to wider exchanges between our peoples. Diplomatic and consular relations, bilateral trade, joint ventures, science and technology cooperation—all are giving new depth and scope to our relations.

Of particular value for our future ties, the number of Chinese students and scholars enrolled in American universities has grown from none to over 14,000 today, and there are about 1,200 Americans studying or teaching in China. And I might say the number of tourists and other Americans traveling around in China is so large we don't have a computer in the State Department that can carry the number.

Your visit to the United States establishes further milestones. Your very presence here, the first visit to the United States by a Chinese Head of State, is a sign of the advances we have made. We will shortly sign agreements that will broaden the foundation of our relationship, agreements covering such diverse subjects as educational exchanges, fisheries cooperation and cultural exchanges, and, as President Reagan told you this morning, he has, on behalf of the U.S. side, approved the

White House photo by Pete Souza



FEATURE China

signing of the U.S.-P.R.C. agreement on nuclear cooperation. This agreement has important, positive implications for promoting the peaceful uses of nuclear energy as well as strengthening the world nonproliferation regime. It is clear that nuclear-generated energy will be increasingly important for economic development and for energy security of many nations around the world including China.

Our relationship has a wider significance. This is not only because our two countries play such a major role on the world stage, but also because it demonstrates that practical and fruitful cooperation is possible between countries with different ideologies. We have different historical experiences and perceptions and different economic systems. We have disagreed on a number of questions and doubtless we'll do so in the future. When those differences have arisen, we have not hesitated to articulate them. But we are steadily improving our ability to manage our differences and to disagree about particular issues without threatening the overall fabric of our relationship. This is a sign of growing maturing and confidence in our bilateral relations.

As you may know, I once was an economist, and I have to say that what is happening in China today is an extraordinary historical development. On my visit to China 2 years ago, and during President Reagan's trip last year, I heard about and saw first hand the real progress you have made in modernizing China's economy. Inevitably, in an experiment as bold as that being undertaken by China, there will be problems and some setbacks. Your leaders have so acknowledged, while remaining firm that China's door will remain open. We welcome this candor and look forward to cooperating with you in China's modernization efforts. Your historic visit to the United States gives you and your colleagues an opportunity to see for yourself our nation, its political leaders, and its people. We welcome you and hope that your stay will be as valuable as you helped make President Reagan's trip last year.

May I now propose a toast, to the health of President Li and Madame Lin, to all Chinese and American friends here today, and to the future of Sino-American relations.

TEXT OF NUCLEAR AGREEMENT, JULY 23, 1985⁴

Agreement for Cooperation Between the Government of the United States of America and the Government of the People's Republic of China Concerning Peaceful Uses of Nuclear Energy

The Government of the United States of America and the Government of the People's Republic of China,

Desiring to establish extensive cooperation in the peaceful uses of nuclear energy on the basis of mutual respect for sovereignty, non-interference in each other's internal affairs, equality and mutual benefit,

Noting that such cooperation is one between two nuclear weapon states,

Affirming their support of the objectives of the statute of the International Atomic Energy Agency (IAEA),

Affirming their intention to carry out such cooperation on a stable, reliable and predictable basis,

Mindful that peaceful nuclear activities must be undertaken with a view to protecting the international environment from radioactive chemical and thermal contamination,

Have agreed as follows:

Article 1 Definitions

For the purpose of this agreement:

(1) "parties" means the Government of the United States of America and the Government of the People's Republic of China;

(2) "authorized person" means any individual or any entity under the jurisdiction of either party and authorized by that party to receive, possess, use, or transfer material, facilities or components;

(3) "person" means any individual or any entity subject to the jurisdiction of either party but does not include the parties to this agreement;

(4) "peaceful purposes" include the use of information, technology, material, facilities and components in such fields as research, power generation, medicine, agriculture and industry but do not include use in, research specifically on or development of any nuclear explosive device, or any military purpose;

(5) "material" means source material, special nuclear material or byproduct materials, radioisotopes other than byproduct material, moderator material, or any other such substance so designated by agreement of the parties;

(6) "source material" means (i) uranium, thorium, or any other material so designated by agreement of the parties, or (ii) ores containing one or more of the foregoing materials, in such concentration as the parties may agree from time to time;

(7) "special nuclear material" means (i) plutonium, uranium 233, or uranium enriched in the isotope 235, or (ii) any other material so designated by agreement of the parties;

(8) "byproduct material" means any radioactive material (except special nuclear material) yielded in or made radioactive by exposure to the radiation incident to the process of producing or utilizing special nuclear material;

(9) "moderator material" means heavy water, or graphite or beryllium of a purity suitable for use in a reactor to slow down high velocity neutrons and increase the likelihood of further fission, or any other such material so designated by agreement of the parties;

(10) "high enriched uranium" means uranium enriched to twenty percent or greater in the isotope 235;

(11) "low enriched uranium" means uranium enriched to less than twenty percent in the isotope 235;

(12) "facility" means any reactor, other than one designed or used primarily for the formation of plutonium or uranium 233, or any other item so designated by agreement of the parties;

(13) "reactor" is defined in Annex I, which may be modified by mutual consent of the parties.

(14) "sensitive nuclear facility" means any plant designed or used primarily for uranium enrichment, reprocessing of nuclear fuel, heavy water production or fabrication of nuclear fuel containing plutonium;

(15) "component" means a component part of a facility or other item, so designated by agreement of the parties;

(16) "major critical component" means any part or group of parts essential to the operation of a sensitive nuclear facility;

(17) "sensitive nuclear technology" means any information (including information incorporated in a facility or an important component) which is not in the public domain and which is important to the design, construction, fabrication, operation or maintenance of any sensitive nuclear facility, or such other information so designated by agreement of the parties.

Article 2 Scope of Cooperation

1. The parties shall cooperate in the use of nuclear energy for peaceful purposes in accordance with the provisions of this agreement. Each party shall implement this agreement in accordance with its respective ap-

plicable treaties, national laws, regulations and license requirements concerning the use of nuclear energy for peaceful purposes. The parties recognize, with respect to the observance of this agreement, the principle of international law that provides that a party may not invoke the provisions of its internal laws as justification for its failure to perform a treaty.

2. Transfers of information, technology, material, facilities and components under this agreement may be undertaken directly between the parties or through authorized persons. Such cooperation shall be subject to this agreement and to such additional terms and conditions as may be agreed by the parties.

3. Material, facilities and components will be regarded as having been transferred pursuant to this agreement only upon receipt of confirmation by the supplier party, from the appropriate Government authority of the recipient party, that such material, facilities or components will be subject to this agreement and that the proposed recipient of such material, facilities or components, if other than the recipient party, is an authorized person.

4. Any transfer of sensitive nuclear technology, sensitive nuclear facilities, or major critical components will, subject to the principles of this agreement, require additional provisions as an amendment to this agreement.

Article 3

Transfer of Information and Technology

Information and technology concerning the use of nuclear energy for peaceful purposes may be transferred. Transfers of such information and technology shall be that which the parties are permitted to transfer and may be accomplished through various means, including reports, data banks, computer programs, conferences, visits and assignments of persons to facilities. Fields which may be covered include, but shall not be limited to, the following:

- (1) research, development, experiment, design, construction, operation, maintenance and use and retirement of reactors and nuclear fuel fabrication technology;
- (2) the use of material in physical and biological research, medicine, agriculture and industry;
- (3) nuclear fuel cycle research, development and industrial application to meet civil nuclear needs, including multilateral approaches to guaranteeing nuclear fuel supply and appropriate techniques for management of nuclear wastes;
- (4) health, safety, environment, and research and development related to the foregoing;



Vice Premier Li Peng and Energy Secretary John Herrington signing the nuclear agreement.

- (5) assessing the role nuclear power may play in international energy plans;
- (6) codes, regulations and standards for the nuclear energy industry; and
- (7) such other fields as may be agreed by the parties.

Article 4

Transfer of Material, Facilities and Components

1. Material, facilities and components may be transferred pursuant to this agreement for applications consistent with this agreement. Any special nuclear material to be transferred under this agreement shall be low enriched uranium except as provided in paragraph 4 of this article.
2. Low enriched uranium may be transferred for use as fuel in reactors and reactor experiments, for conversion or fabrication, or for such other purposes as may be agreed by the parties.
3. The quantity of special nuclear material transferred under this agreement shall be the quantity which the parties agree is necessary for any of the following purposes: the loading of reactors or use in reactor experiments, the efficient and continuous operation of such

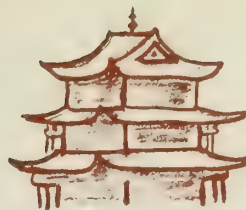
reactors or conduct of such reactor experiments, and the accomplishments of such other purposes as may be agreed by the parties.

4. Small quantities of special nuclear material may be transferred for use as samples, standards, detectors, targets, radiation sources and for such other purposes as the parties may agree.

Article 5

Retransfers, Storage, Reprocessing, Enrichment, Alteration, and No Use for Military Purposes

1. Materials, facilities, components or special nuclear material transferred pursuant to this agreement and any special nuclear material produced through the use of such material of facilities may be retransferred by the recipient party, except that any such material, facility, components or special nuclear material shall not be retransferred to unauthorized persons or, unless the parties agree, beyond its territory.
2. Neither party has any plans to enrich to twenty percent or greater, reprocess, or alter in form or content material transferred pursuant to this agreement or material used in or produced through the use of any material or facility so transferred. Neither



FEATURE China

party has any plans to change locations for storage of plutonium, uranium 233 (except as contained in irradiated fuel elements), or high enriched uranium transferred pursuant to this agreement or used in or produced through the use of any material or facility so transferred. In the event that a party would like at some future time to undertake such activities, the parties will promptly hold consultations to agree on a mutually acceptable arrangement. The parties undertake the obligation to consider such activities favorably, and agree to provide pertinent information on the plans during the consultations. Inasmuch as any such activities will be solely for peaceful purposes and will be in accordance with the provisions of this agreement, the parties will consult immediately and will seek agreement within six months on long-term arrangements for such activities. In the spirit of cooperation the parties agree not to act within that period of time. If such an arrangement is not agreed upon within that period of time, the parties will promptly consult for the purpose of agreeing on measures which they consider to be consistent with the provisions of the agreement in order to undertake such activities on an interim basis. The parties agree to refrain from actions which either party believes would prejudice the long-term arrangements for undertaking such activities or adversely affect cooperation under this agreement. The parties agree that the consultations referred to above will be carried out promptly and mutual agreement reached in a manner to avoid hampering, delay or undue interference in their respective nuclear programs. Neither party will seek to gain commercial advantage. Nothing in this article shall be used by either party to inhibit the legitimate development and exploitation of nuclear energy for peaceful purposes in accordance with this agreement.

3. Material, facilities or components transferred pursuant to this agreement and material used in or produced through the use of any material, facility or components so transferred shall not be used for any nuclear explosive device, for research specifically on or development of any nuclear explosive device, or for any military purpose.

Article 6 Physical Security

1. Each party shall maintain adequate physical security with respect to any material, facility or components transferred pursuant to this agreement and with respect to any special nuclear material used in or produced through the use of any material or facility so transferred.

2. The parties agree to the levels for the application of physical security set forth in Annex II, which levels may be modified by mutual consent of the parties. The parties shall maintain adequate physical security measures in accordance with such levels. These measures, as minimum protection measures, shall be comparable to the recommendations set forth in IAEA document INFCIRC/225/Revision 1 entitled "The Physical Protection of Nuclear Material", or in any revision of that document agreed to by the parties.

3. The parties shall consult at the request of either party regarding the adequacy of physical security measures maintained pursuant to this article.

4. Each party shall identify those agencies or authorities responsible for ensuring that levels of physical security are adequately met and having responsibility for coordinating response and recovery operations in the event of unauthorized use or handling of material subject to this article. Each party shall also designate points of contact within its national authorities to cooperate on matters of out-of-country transportation and other physical security matters of mutual concern.

Article 7 Cessation of Cooperation

1. Each party shall endeavor to avoid taking any actions that affect cooperation under this agreement. If either party at any time following entry into force of this agreement does not comply with the provisions of this agreement, the parties shall promptly hold consultations on the problem, it being understood that the other party shall have the rights to cease further cooperation under this agreement.

2. If either party decides to cease further cooperation under this agreement, the parties shall make appropriate arrangements as may be required.

Article 8 Consultations

1. The parties shall consult at the request of either party regarding implementation of this agreement, the development of further cooperation in the field of peaceful uses of nuclear energy, and other matters of mutual concern.

2. The parties recognize that this cooperation in the peaceful uses of nuclear energy is between two nuclear-weapon states and that bilateral safeguards are not required. In order to exchange experience, strengthen technical cooperation between the parties, ensure that the provisions of this agreement are effectively carried out, and enhance a

stable, reliable, and predictable nuclear cooperation relationship, in connection with transfers of material, facilities and components under this agreement the parties will use diplomatic channels to establish mutually acceptable arrangements for exchanges of information and visits to material, facilities and components subject to this agreement.

3. The parties shall exchange views and information on the establishment and operation of their respective national accounting and control systems for sources and special nuclear material subject to this agreement.

Article 9 Environmental Protection

The parties shall consult, with regard to activities under this agreement, to identify the international environmental implications arising from such activities and shall cooperate in protecting the international environmental implications arising from such activities and shall cooperate in protecting the international environment from radioactive, chemical or thermal contamination arising from peaceful nuclear cooperation under this agreement and in related matters of health and safety.

Article 10 Entry Into Force and Duration

1. This agreement shall enter into force on the date of mutual notifications of the completion of legal procedures by the parties and shall remain in force for a period of thirty years. This term may be extended by agreement of the parties in accordance with their respective applicable procedures.

2. Notwithstanding the suspension, termination or expiration of this agreement or any cooperation hereunder for any reason, the provisions of articles 5, 6, 7, and 8 shall continue in effect so long as any material, facility or components subject to these articles remain in the territory of the party concerned or any material, facility or components subject to these articles remain subject to that party's right to exercise jurisdiction or to direct disposition elsewhere. IN WITNESS WHEREOF, the undersigned, being duly authorized, have signed this agreement.

Done at Washington this 23rd day of July, 1985, in English and Chinese, both equally authentic.

For the Government of the United States of America:

JOHN S. HERRINGTON

For the Government of the People's Republic of China:

LI PENG

Annex I—Definition of “Reactor”

“Reactor” means:

1. any apparatus, other than a nuclear weapon or other nuclear explosive device, in which a self-sustaining fission chain reaction is maintained by utilizing uranium, plutonium or thorium, or any combination thereof; or

2. any of the following major parts of an apparatus described in paragraph 1:

- (1) a pressure vessel designed to contain the core;
- (2) primary coolant pumps;
- (3) fuel charging or discharging machines;
- (4) control rods.

A “reactor” does not include the steam turbine generator portion of a nuclear power plant.

Annex II

Pursuant to paragraph 2 of article 6, the agreed levels of physical security to be ensured by the competent national authorities in the use, storage and transportation of the materials listed in the attached table shall as a minimum include protection characteristics as below.

Category III

Use and storage within an area to which access is controlled.

Transportation under special precautions including prior arrangements among sender, recipient and carrier, and prior agreement between entities subject to the jurisdiction and regulation of supplier and recipient States, respectively, in case of international transport specifying time, place and procedures for transferring transport responsibility.

Category II

Use and storage within a protected area to which access is controlled, i.e., an area under constant surveillance by guards or electronic devices, surrounded by a physical barrier with a limited number of points of entry under appropriate control, or any area with an equivalent level of physical protection.

Transportation under special precautions including prior arrangements among sender, recipient and carrier, and prior agreement between entities subject to the jurisdiction and regulation of supplier and recipient

States, respectively, in case of international transport, specifying time, place and procedures for transferring transport responsibility.

Category I

Material in this category shall be protected with highly reliable systems against unauthorized uses as follows:

Use and storage within a highly protected area, i.e., a protected area as defined for category II above, to which, in addition, access is restricted to persons whose trustworthiness has been determined, and which is under surveillance by guards who are in close communication with appropriate response forces. Specific measures taken in this context should have as their objective the detection and prevention of any assault, unauthorized access or unauthorized removal of material.

Transportation under special precautions as identified above for transportation of categories II and III materials and, in addition, under constant surveillance by escorts and under conditions which assure close communication with appropriate response forces.

Table: Categorization of Nuclear Material^e

Material	Form	Category		
		I	II	III
1. Plutonium ^{a,f}	Unirradiated ^b	2 kg or more	Less than 2 kg or more than 500 g	500 g or less ^c
2. Uranium-235 ^d	Unirradiated ^b — uranium enriched to 20% ²³⁵ U or more	5 kg or more	Less than 5 kg but more than 1 kg	1 kg or less ^c
	— uranium enriched to 10% ²³⁵ U but less than 20%	—	10 kg or more	Less than 10 kg ^c
	— uranium enriched above natural, but less than 10% ²³⁵ U	—	—	10 kg or more
3. Uranium-233	Unirradiated ^b	2 kg or more	Less than 2 kg but more than 500 g	500 g or less ^c

^a All plutonium except that with isotopic concentration exceeding 80% in plutonium-238.

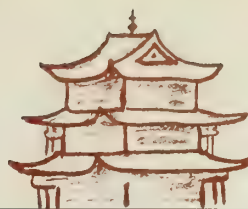
^b Material not irradiated in a reactor or material irradiated in a reactor but with radiation level equal to less than 100 rads/hour at one meter unshielded.

^c Less than a radiologically significant quantity should be exempted.

^d Natural uranium, depleted uranium and thorium and quantities of uranium enriched to less than 10% not falling in Category III should be protected in accordance with prudent management practice.

^e Irradiated fuel should be protected as Category I, II or III nuclear material depending on the category of the fresh fuel. However, fuel which by virtue of original fissile material content is included as Category I or II before irradiation should only be reduced one Category level, while the radiation level from fuel exceeds 100 rads/h at one meter unshielded.

^f The State's competent authority should determine if there is a credible threat to disperse plutonium malevolently. The State should then apply physical protection requirements for Category I, II or III of nuclear material, as it deems appropriate and without regard to the plutonium quantity specified under each Category herein, to the plutonium isotopes in those quantities and forms determined by the State to fall within the scope of the credible dispersal.



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Agreed Minute

During the negotiations of the Agreement for Cooperation between the United States of America and the People's Republic of China Concerning Peaceful Uses of Nuclear Energy signed today, the following understanding, which shall be an integral part of the agreement, was reached.

The parties agreed that the interpretation and implementation of article 5(3) shall not involve any nuclear activities and related research and development carried out by either party, as a nuclear weapon state, through the use of material, facilities, components and technology not subject to the agreement.

MESSAGE TO THE CONGRESS, JULY 24, 1985⁵

I am pleased to transmit to the Congress, pursuant to sections 123(b) and 123(d) of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2153(b), (d)), the text of the proposed agreement between the United States and the People's Republic of China Concerning Peaceful Uses of Nuclear Energy, with accompanying annexes and agreed minute. The proposed agreement is accompanied by my written determination, approval, and authorization, and the Nuclear Proliferation Assessment Statement by the Director of the United States Arms Control and Disarmament Agency concerning the agreement. The joint memorandum submitted to me by the Secretaries of State and Energy, which includes a summary analysis of the provisions of the agreement, and the views of the director of the United States Arms Control and Disarmament Agency are also enclosed.

The proposed agreement with the People's Republic of China has been negotiated in accordance with the Nuclear Non-Proliferation Act, which sets forth certain requirements for new agreements for cooperation with other countries.

It is the first peaceful nuclear cooperation agreement with a Communist country and the only such agreement with another nuclear-weapon state (the United Kingdom and France are covered by U.S. agreements with EURATOM).

During the last several years, the People's Republic of China has developed ambitious plans for the installation of a substantial number of nuclear power stations. The proposed agreement reflects the desire of the Government of the United States and the Government of the People's Republic of China to establish a framework for peaceful nuclear cooperation. During the period of our negotiations and discussions, China took several important steps that clarify its non-proliferation and nuclear export policies.

Premier Zhao has made important statements of China's non-proliferation policy that make clear that China will not contribute to proliferation. Those statements have been endorsed by the National People's Congress, thereby giving them official status. Based on our talks with the Chinese we can expect that China's policy of not assisting a non-nuclear weapon state to acquire nuclear explosives will be implemented in a manner consistent with the basic non-proliferation practices common to the United States and other suppliers. Further, in conjunction with China's membership in the International Atomic Energy Agency, effective January 1, 1984, China has said that it will require IAEA safeguards on its future nuclear export commitments to non-nuclear weapons states.

This agreement will have a significant positive impact on overall U.S.-China relations. It will provide the United States and its companies an opportunity to participate in another aspect of China's energy programs, with possibly substantial economic benefit. The proposed agreement will, in my view, further the non-proliferation and other foreign policy interests of the United States.

I have considered the views and recommendations of the interested agencies in reviewing the proposed agreement and have determined that its performance will promote, and will not constitute an unreasonable risk to, the common defense and security. Accordingly, I have approved the agreement and authorized its execution.

I have also found that this agreement meets all applicable requirements of the Atomic Energy Act, as amended, for agreements for peaceful nuclear cooperation and therefore I am transmitting it to the Congress without exempting it from any requirement contained in section 123(a) of that Act. This transmission shall constitute a submittal for purposes of both section 123(b) and 123(d) of the Atomic Energy Act. The Administration is prepared to begin immediately the consultations with the Senate Foreign Relations and House Foreign Affairs Committee as provided in section 123(b). Upon completion of the 30 day continuous session period provided in section 123(b), the 60 day continuous session period provided for in section 123(d) shall commence.

RONALD REAGAN

¹Made at the South Portico of the White House where President Li was accorded a formal welcome with full military honors (text from Weekly Compilation of Presidential Documents of July 29, 1985).

²President Li spoke in Chinese, and his remarks were translated by an interpreter.

³Press release 180 of July 24, 1985.

⁴Signed by Secretary of Energy Herrington and Vice Premier Li at the Department of State.

⁵Text from Weekly Compilation of Presidential Documents of July 29, 1985. ■

The P.R.C.: Economic Reform, Modernization, and the Law

by Michael H. Armacost

Address before the American Bar Association on July 9, 1985. Mr. Armacost is Under Secretary for Political Affairs.

Some observers have found a tension between law and diplomacy. Harold Nicholson, for example, once said that:

The worst kind of diplomatists are missionaries, fanatics, and lawyers; the best are the reasonable and humane skeptics.

Unlike Nicholson, I believe that our professions have a great deal in common. Particularly in the international arena, diplomats and lawyers place a

premium on detailed knowledge of the local situation, recognize that one can dispose of cases without necessarily resolving problems, and demonstrate great artistry in accomplishing procedural delays. To be sure there are differences as well. Lawyers tend to prefer precision of language; diplomacy often thrives on ambiguity and circumlocution. Lawyers seek to develop principles for general application; skillful diplomacy more frequently demands a fuzzing of the precedents.

Yet a "reasonable and humane skepticism" is an appropriate attribute for work in both our professions. It is especially necessary in dealing with the economically developing countries of the world. The most profound development

of our century may well be the adjustment of the traditional societies of Asia, Africa, and Latin America to an industrialized, integrated world economy. In no country has that adjustment been more dramatic, or have the consequences for other nations been more profound, than in the People's Republic of China (P.R.C.).

Therefore, allow me to discuss today some recent economic and legal develop-

ments and reforms in China. In assessing these reforms, we must remember that they are part of a series of related historical events. China's history for a century and a half has been marked by war, by revolution, and by internal convulsion: the Opium War, the Taiping and Boxer rebellions, the revolution of 1911, the civil war of the 1920s, World War II, the communist victory of 1949, the so-called Great Leap Forward of the

1950s, the Cultural Revolution of the 1960s, and the sweeping economic reforms of the late 1970s and 1980s of which I will speak. These dramatic events reflect the confrontation between China's traditional society and the industrialized West, and the persistent efforts of the oldest civilization in the world to define and determine its own destiny.

The scope and pace of these recent reforms are apparent to many of you from your own experiences. Speaking personally, I remember visiting Hong Kong in 1968 and staring across a field into China as if it were on another planet. China was still then experiencing the turmoil of the Cultural Revolution; the United States had intervened in Vietnam, in part, to combat China's theory of national liberation wars; and our respective policies in Asia were broadly in conflict. American objectives toward Beijing in those days were clear. We sought to contain China militarily, to isolate it diplomatically, and to constrain its economic growth through the imposition of an economic embargo.

Today, in vivid contrast, Americans regard China as a friendly country with which we enjoy a normal diplomatic relationship, a productive dialogue on a host of political issues, an expanding trade, and cooperative arrangements even in the field of defense. Sino-U.S. rapprochement, even after a very long period of estrangement, was facilitated by common strategic concerns that are familiar to all of you. Cooperative arrangements between our countries have been reinforced in recent years by China's drive to modernize and the pragmatic policies which the Chinese Government has recently adopted to achieve that end.

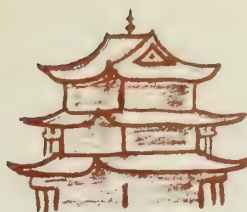
Restructuring the Chinese Economy

By any measure, Beijing's economic reforms of the past 6 years represent one of the boldest and most far-reaching attempts to restructure a major economy anywhere in the world. Since the third plenum of the 11th Central Committee in 1978, China's leadership has committed itself to replacing much of the rigid, Stalinist-type economic system which had been in place since the 1950s with a mixed system that retains socialist principles, yet is guided in important respects by market forces.



A Shanghai man reading the English section of a combined Spanish-English newspaper.

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FEATURE China



Chinese family in western China.

China is seeking to increase its agricultural and industrial productivity by reducing waste and inefficiency, and it has chosen to do so by encouraging the creativeness and ingenuity of its citizens. Dramatic improvements have already been realized in agriculture. China is now not only able to feed its enormous population but is an impressive exporter of key agricultural products to Asia and the world.

Hand-in-hand with internal reform has come an opening of the Chinese economy to the outside world. The Chinese have taken steps to make foreign investment more attractive. These include creating a body of investment law and the opening of their domestic market to greater—if still limited—penetration by joint venture companies.

Nevertheless, foreign investment has grown only gradually. Direct foreign investment was about \$1.3 billion in 1984, according to Chinese statistics, of which more than one-third went to offshore oil development. Despite repeated

assurances from Chinese leaders that the “open door” is a long-term policy, many investors—perhaps including some of your clients—still appear to be taking a wait-and-see attitude.

The Chinese have downplayed the importance of orthodox Marxist economics in these policies, but they have by no means abandoned socialism. Even when various reforms are fully implemented, China's economy will continue to be planned, though less rigorously than before. It will continue to be marked by state ownership of major industries, while providing wider scope for private initiative. It will be self-reliant but not self-sufficient and, thus, will be more open to foreign trade and foreign investment. The Chinese describe this as “building socialism with Chinese characteristics.” Others have claimed that this amounts to “building China with socialist characteristics.” Whatever one calls it, it is producing tangible results, as recent visitors to China, I believe, almost universally attest.

We may applaud China's effort while anticipating their results with caution. China's economic growth remains seriously constrained by energy shortages and transportation bottlenecks. Despite the rapid growth of oil production, China's mainstay—onshore oil fields—may be nearing their productive peak. In the mid-1970s China looked to offshore oil as a panacea for both its energy problems and its requirements for foreign exchange to fund industrial modernization. Some disappointments in the results of offshore exploration to date, however, have forced the Chinese to reassess their energy development program and heightened their interest in other energy sources, including nuclear energy and the exploitation of coal reserves.

The scope and the nature of China's reforms may also have potentially disruptive social implications. Greater reliance on the market may produce disparities of wealth among groups and among regions in China. One group left behind may be the politically powerful

party cadres, who live on fixed and generally limited incomes. Old party members who recall with nostalgia more puritanical revolutionary days may be unhappy with even limited mixed-economy policies.

Nor is it certain that the opening to the outside world will be met with universal approval inside China. Chinese have long had a deep strain of xenophobia and isolationism (not unlike our own), most vividly illustrated during the Boxer rebellion and Cultural Revolution. Therefore, it is perhaps not surprising there are some cries of "cultural contamination" as China adopts even the most benign aspects of some outside cultures and technologies.

In light of the economic obstacles to China's development; in light of the social dislocations that may result from sweeping changes in China's economy; and, above all, in light of the volatility of China's internal political system over the last several decades, it would be natural to assume that the recent reforms will not produce a panacea for all of China's problems. Some of the reforms have already experienced difficulties and provoked internal opposition.

But the reforms have also attained a substantial measure of success, and China's leaders clearly are hopeful of achieving additional successes. Most importantly, the wider range and availability of consumer goods, the expanded opportunities for entrepreneurial activity, and other material benefits of reform are welcomed and supported (it would appear to an outsider) by the vast majority of the Chinese population.

Impact on Sino-U.S. Relations

What impact will China's reforms and its opening to the outside world have on us? From the standpoint of Sino-U.S. relations, China's economic reforms have already brought a number of important consequences.

First, technology transfer has become a touchstone of Sino-U.S. relations. For our part, we have streamlined our procedures for licensing exports of high-technology items, and trade in high-tech products has substantially increased. In 1982 the United States approved about \$500 million worth of licenses in high technology for China. Export licenses last year were up 100%

from 1982; 35% from 1983. Of the licenses approved for communist countries last year, 75% went to China. In the first 4 months of this year, we approved licenses at an annual rate of close to \$3 billion—a rate which will continue to increase as COCOM [Coordinating Committee for Multilateral Security Export Controls] procedures are streamlined.

Second, scientific exchanges have proliferated rapidly, and cultural and educational exchanges have also increased. More than 10,000 Chinese students now study in American universities, many pursuing advanced degrees in technical and professional fields, including the law. Every month, 150 Chinese delegations, scientific or commercial, come to the United States.

Third, 13 American companies are collaborating with the Chinese in the search for oil. The American private sector is also involved in developing other sources of energy, in improving China's transportation network, and in working on many other projects of mutual benefit. One of the most notable is the aircraft coproduction venture recently signed by McDonnell-Douglas and Shanghai, which should be worth some \$800 million—the largest commercial deal between a U.S. company and the Chinese so far.

Fourth, trade in some manufactured products has increased rapidly. In a short span of time, China has become our fourth largest supplier of textiles. Along with the benefits, we have seen predictable calls for protection from our own textile industry as well as sharp reactions from some other traditional suppliers.

Fifth, rapid increases in China's agricultural productivity have transformed China in a few years from a vast potential market for American farm products into a growing competitor in overseas agricultural markets. In 1982 China was our largest customer for U.S. cotton and bought more than 8 million tons of wheat and corn. More than 50% of our trade was in agricultural products at the time. In 1984 that figure was down to 20%, and China is now exporting both cotton and corn.

Finally, China's interest in acquiring entree to new technology has spurred the evolution of modest cooperative arrangements in the field of defense. We are currently exploring ways of assisting to upgrade Chinese antiarmor, air

defense, and antisubmarine warfare capabilities. These cooperative efforts are, however, limited: our potential arms sales are restricted to defense weapons and defensive systems.

Neither the United State nor China seeks a military alliance. But just as we believe an economically strong and modernizing China is in our interest and in the interest of Asia as a whole, we believe that a China capable of effectively deterring external aggression can play a positive role in the search for regional stability and peace.

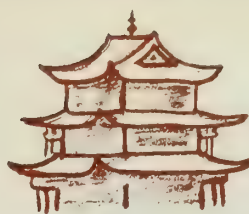


Impact on China's World Role

Indeed, China's economic reforms have had an important impact on its political and economic role in the world—especially in Asia.

China's economic relations with Japan have, to date, outpaced its emerging links with the United States. That is neither surprising nor, for us, a cause for concern. It reflects fundamental economic and geographic factors and has had benign political consequences. For the first time in modern history, the United States, China, and Japan enjoy cooperative relations.

Beyond this, China's relations with ASEAN [Association of South East Asian Nations] continue to expand. Within ASEAN member countries, some old fears of China linger, to be sure. Some now worry that an industrialized China will become a formidable trade competitor and that Chinese claims on resources of international financial institutions may limit their own access to



FEATURE China

scarce development capital. These fears have not, however, inhibited continued development of practical forms of cooperation between China and all members of ASEAN.

China's plans for economic modernization also involve Europe and the non-Asian Third World. The emphasis on foreign trade to finance its import of technology and capital goods has led to the search for markets in many regions. Beijing is seeking to diversify both its markets and its sources of imports. Thus, we have seen in recent years a substantial growth in Chinese trade with Western Europe. Clearly, the Europeans will be strong competitors with the United States for high-technology exports to China.

China's trade with Eastern Europe, which is currently only about 3% of its total world trade, will probably also increase in the coming years. Vice Premier Li Peng's recent visit to the region was marked by the signing of a number of trade agreements. Expanding economic ties with the countries of Eastern Europe also reflect China's interest in improving political links and, perhaps, in encouraging the autonomy of countries in that area.

China's trade with the Third World consists largely of exchanges of light manufactures for natural resources. Last year, about 50% of its hard currency earnings came from LDCs [less developed countries], and China is expected to maintain its favorable trade balance with these nations. Meanwhile, the concentration on its own growth has resulted in a sharp drop in Chinese foreign assistance to the developing world.

We are monitoring closely the gradual unfreezing of relations between Beijing and Moscow. China presumably seeks, thereby, a more secure environment through these relations for its economic development. Thus, Sino-Soviet political talks have resumed, and cultural and other exchanges are proliferating.

Bilateral Sino-Soviet trade is accelerating. A handful of Soviet technicians have now returned to China to help refurbish Soviet-built factories of 1950s vintage. Two-way Sino-Soviet trade, \$1.3 billion in 1984, may reach \$2 billion this year and is currently projected to expand to between \$13-16 billion over the next 5 years. These

developments reflect a natural effort to maintain an evenhandedness in China's relationships with the superpowers and the independence in its foreign policy.

There are, however, distinct limits on the prospects for Sino-Soviet rapprochement. Beijing still regards Moscow as a main threat. It acknowledges a parallelism in policies with the United States in Southeast Asia and Southwest Asia. It remains interested in some defense cooperation with us, though not in advertising it. And it is still supportive of our military presence in the area.

Further, Soviet security and political objectives are likely to remain fundamentally in conflict with Chinese interests in key areas—notably the enduring disagreements between Beijing and Moscow over Cambodia, Afghanistan, and the massive presence of Soviet forces along China's border. In the field of trade, the Soviet Union is simply unable to offer China either the sophisticated technology or the hard currency transactions that it can obtain from the West.

An additional development in recent Chinese policy—perhaps worthy of note from both a political and a legal perspective—is the agreement between China and the United Kingdom on Hong Kong. The agreement between Beijing and London on the future of Hong Kong reflected well upon the patience and diplomatic skill of both China and the United Kingdom. That agreement—embodying very detailed legal provisions and a prolonged period of transition—has inspired renewed confidence in the future of Hong Kong, not least among businessmen and lawyers.

Some have questioned China's long-term intentions to abide by the obligations of the Hong Kong agreement. Only time will provide a definitive answer to such doubts, but the reforms being undertaken within China reinforce confidence that China will continue to see its interests served by a stable and prosperous Hong Kong.

The Role of Law in Chinese Development

What role does law play in these developments in China? In the last several years, China has promulgated an unprecedented number of statutes, many

on economic and trade matters. An extensive network of economic courts has been established to resolve disputes arising between enterprises in the new "market socialist" economy of China. China's Supreme Court recently issued its first decisions in decades. China's law schools have expanded; indeed, it has been announced that China plans to train 1 million lawyers by the end of the century. Many Chinese law students are now studying in the United States.

Recently, China emphasized the importance it attributes to the development of its legal system by holding in Beijing a "national work conference" on the law. Governmental leaders from all parts of China attended. The conference adopted a "5-Year Program for Spreading Basic Legal Knowledge Among All Citizens." The report of the conference stated that "perfecting the socialist legal system is a matter of fundamental importance in . . . consolidating and maintaining political stability and unity . . ." and that "like railroad tracks, laws and regulations are to ensure that the train of reform advances on a correct course." The conference identified as "an important guiding principle" that even the "leadership of the Communist Party must act within the bounds of the constitution and the law."

These developments, it seems to me, are all clear evidence that China recognizes that the complexities of international trade and finance—and, indeed, of a modern economy generally—require an orderly legal system and a role for lawyers. They also indicate a recognition of the important function law plays in institutionalizing policy and fostering political stability.

Developing a modern legal system for a nation of more than 1 billion people is obviously a daunting task. Moreover, part of China's tradition includes a hostility to law and to lawyers. The Confucians believed in a general code of morality and ritual and strongly opposed publicly promulgated laws. As a contemporary of Confucius put it more than 2,500 years ago:

As soon as the people know the grounds on which to conduct disputation, they will reject the accepted ways of behavior and make their appeal to the written word. . . . Disorderly litigations will multiply and bribery will become current. . . . A state which is about to perish is sure to have many governmental regulations.



Traffic officer, Shanghai.

Laws were, of course, nevertheless promulgated in traditional China. Indeed, China's legal and administrative system was much admired in 17th- and 18th-century Europe. Through such commentators as Voltaire and Montesquieu, it greatly influenced the evolution of Western government and Western bureaucracies. But China's traditional legal codes were largely penal in character and did not deal with complex commercial subjects. Moreover, like many other aspects of Chinese society, China's laws remained unchanged through the 18th and 19th centuries, while Western societies underwent dramatic changes, including the Industrial Revolution.

China's laws were also traditionally administered by centrally appointed government officials, who acted in both an executive and a judicial role. There was no system of adversarial litigation. Many disputes were mediated by traditional authority figures. There was no

need in this system for a class of lawyers acting as advocates.

There are striking continuities between that part of China's tradition that was hostile to law and lawyers and the administration of justice, until recently, by the Communist Party. China's modern rulers, like their Confucian ancestors, eschewed a written legal code and resolved disputes before administrators rather than in adversarial legal proceedings. The role of lawyers was, consequently, severely limited.

Other East Asian societies with Confucian traditions have successfully adapted their legal and economic systems to a modern, integrated world economy. Japan is, I suspect, the most striking example. Compared to our own system, lawyers and adversarial legal processes play a limited role in those societies, even today. In light of China's similar traditions, I would expect China's legal system to evolve more along the lines of its neighbors than

along the lines of Western models. The sheer scale of China's problems and the relative rapidity of China's adoption of a more "modern" legal system suggest, however, that the process itself will not be an easy one.

It is also reasonable to expect that the legal aspects of dealing with China will resemble, in basic ways, dealings with other countries in East Asia. Like their neighbors, the Chinese often avoid highly detailed contracts and prefer the resolution of disputes by the parties themselves rather than by judicial or arbitral proceedings. Our own traditions are quite different. Reconciling these conflicting attitudes will require, both for lawyers and diplomats, patience and a good deal of creativity. Such attitudes have borne fruit in our relations with the rest of East Asia, as evidenced by the current scale of our trade with the region.

Conclusion

Napoleon reportedly described China as a "sleeping giant." He cautioned the world of the consequences if China were to awake. China's sleep since Napoleon's time has been a fitful one, disturbed frequently. The events of recent years suggest that China may at long last be awakening. The revitalized China, open to the outside world, offers enormous promise and enormous challenges. We must approach that challenge bearing in mind China's interests as well as our own.

While we share many concerns and perceptions, some differences of policy and differences of approach between our two nations will obviously continue. The Chinese are zealous in sustaining the independence of their foreign policy. They do not hesitate to assert their differences with us on various international issues, which is natural, whether in Asia or elsewhere. They have their own stakes in the Third World and their own interests to promote in relation to the industrial powers, including the Soviet Union. Nonetheless, a core of common strategic interests and the growing benefits of economic cooperation facilitated by China's economic reforms provide Americans with ample grounds for confidence in the strength and durability, and the further expansion, of our relationship with the People's Republic of China. ■

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Vice President Bush Visits Europe

Vice President Bush departed Washington, D.C., June 23, 1985, to visit Italy and Vatican City (June 23-24), West Germany (June 24-25), the Netherlands (June 25-26), Belgium (June 26-28), Switzerland (June 28-30), West Germany (June 30-July 1),¹ France (July 1-2), and the United Kingdom (July 2-3).



With his Holiness Pope John Paul II.



Sitting from left to right: President Pertini of Italy; Elvira Lewis-Bonaccorsi, interpreter; Vice President Bush; and Mrs. Bush.

"Italy, under the leadership of President Pertini and Prime Minister Craxi, is a strong and steady force of NATO and an important leader in the European Community. . . [It] is playing a special role in both East-West and North-South relations."

Rome
June 24, 1985

"... I had an opportunity to discuss with the Holy Father the problems that confront mankind today. And once again, I drew wisdom and strength from his counsel."

Vatican City
June 24, 1985

(White House photos by Dave Valdez)

THE VICE PRESIDENT



With Chancellor Kohl.

"We have seen Germany face a Soviet propaganda campaign that was very strong against deployment of intermediate-range nuclear missiles. . . . The German people addressed this issue of deployment as democratic people do; they debated it fully and through debate recognized that those intermediate-range nuclear forces are essential to maintaining a credible Western deterrent, a flexible response in the face of a Soviet buildup and a Soviet refusal to reduce in number or eliminate this whole class of weapons. They affirmed their confidence in a deterrent that has provided a foundation for peace and security in both America and Europe the last 40 years."

Bonn
June 25, 1985

"... the [NATO] alliance is only as strong as the political will that its leaders can demonstrate to their own people and to our adversaries. This is one of our strengths, since our democracies consistently produce leaders who face the realities of our times With the benefits of the Western alliance also come obligations. I come away from my meetings confident that the Netherlands, as it has over the years, will continue to meet its share of the collective burdens of NATO and play a strong and positive role within the alliance."

The Hague
June 26, 1985



With Prime Minister Lubbers.



With Prime Minister Martens.

"In the past week, bombings, hijackings, and murders around the world have reminded us of the growing threat of international terrorism. Terrorist attacks of recent years have been directed almost exclusively at democratic nations. Free nations must cooperate to understand the sources and nature of the terrorist acts and, just as civilized nations united against piracy a century ago, today we must act in concert if we are to eliminate this modern scourge. All through the NATO Council meeting, I heard that same theme reinforced."

Brussels
June 28, 1985



Sitting on the left from the top is Ambassador Aleksei A. Obukhov; Ambassador Viktor P. Karpov; Aleksandr Bratchikov, interpreter; and Ambassador Yuli A. Kvitsinskiy. Sitting on the right from the top is Ambassador Ronald F. Lehman; Ambassador John Tower; Dimitri Arensburger, interpreter; Vice President Bush; Ambassador Max M. Kampelman; and Ambassador Maynard W. Glitman.

"We had a very useful meeting with the three U.S. Ambassadors in whom the President has total confidence and representatives of the Soviet side under Ambassador Karpov. We had an opportunity to tell him of the seriousness that our President has and the convictions he has on the general subject of arms control. . . . it was worthwhile to simply reiterate the conviction that we have about the need to have progress in these talks."

Geneva
June 29, 1985



With President Mitterrand.

"Terrorism has been one of the principal subjects of conversations with the European leaders at each stop. No democratic country is free from the terrorist threat. Today somewhere in Lebanon, four French citizens and seven Americans are still hostage."

Paris
July 2, 1985

THE VICE PRESIDENT



With Prime Minister Thatcher.

"President Reagan believes that in the light of the new Soviet build-up, the time has come for the alliance to investigate the contribution that defenses can make to strategic stability. The Strategic Defense Initiative is purely and simply a research program designed to explore whether a more stable basis for deterrence exists. We have set demanding standards for SDI research, and the deployment of any strategic defense system is years off. When and if deployment occurs, we would work with our European partners to ensure that the alliance as a whole benefits."

London
July 3, 1985

¹The Vice President returned to West Germany to welcome the 39 Americans who had been held hostage in Lebanon. The documentation on this incident was printed in the August 1985 BULLETIN. ■

Secretary Visits Asia and the Pacific

Secretary Shultz visited Hong Kong (July 6-8, 1985), Thailand (July 8-10), Malaysia (July 10-12) to participate in the Association of South East Asian Nations (ASEAN) postministerial consultations, Australia (July 13-16) to attend the ANZUS [Australia, New Zealand, United States security treaty] ministerial meeting, and Fiji (July 16).

Following are his remarks, dinner toast, and news conferences made on various occasions during the trip and the text of a U.S.-Australian joint statement of July 15.

DEPARTURE REMARKS, HONG KONG, JULY 8, 1985¹

Hong Kong's dynamism and achievements stand as a testament to what talented, hard-working people and wise policies can accomplish. A visit to Hong Kong always serves as a reminder of this truth. So I am particularly pleased to have been here again.

In the year since my last visit, confidence in Hong Kong's future has clearly grown, not only here, but also abroad, as evidenced by increasing foreign, and particularly American, investment in the territory.

As a country with a deep interest in Hong Kong's stability and prosperity, the United States welcomed the success of the British and Chinese Governments in reaching an agreement on the territory's future. We cooperate closely to assure its fulfillment. All that I have seen during this brief stop reinforces my confidence that Hong Kong will continue to grow and prosper for a very long time to come.

ARRIVAL REMARKS, BANGKOK, JULY 8, 1985²

I always welcome an opportunity to visit the Kingdom of Thailand, whether coming as a private individual or as an official of the government. Our relationship with Thailand spans 150 years; it's a strong and important one. It rests on three key words: peace, freedom and independence for ourselves, and for our neighbors.



(Wide World photo)

A Cambodian refugee greets Secretary Shultz with the traditional Cambodian gesture of respect at the Khao I Dang refugee holding center in Thailand.

I look forward to this visit as it will be marked by an opportunity to meet with his Majesty the King [Bhumibol Adulyadej], also, with the Prime Minister [Prem Tinsulanonda] and people from the various economic ministries. We'll have a chance in those discussions to discuss our economic relationships, problems and opportunities; aspects of the security situation of importance to both countries; the illegal occupation of Cambodia by Vietnam and its implications, and problems connected with the flood of people—refugees—and others who are suffering from the results of that illegal occupation.

I look forward to my brief stay here, and I know that I will receive as I always have the fabled Thai hospitality.

REMARKS, BANGKOK, JULY 8, 1985³

I know you're all very well aware of the strategic and political implications of the Vietnamese occupation of Cambodia, and you are also aware of the Soviet support that makes it possible. You know also of its arrogant and illegal nature. These are simply facts of the matter. At the more immediate levels of individual people and families, the Vietnamese occupation of Cambodia and its aggressive behavior along the Thai-Cambodia border have brought suffering to many innocent people.

We all know of the plight to the Khmer refugees and displaced persons forced to flee their homeland. But also victimized are Thai villagers living near

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the border who have suffered death, injury, and dislocation through these Vietnamese tactics. The United States sympathizes with the plight of the innocent bystanders and the financial burden the destruction along the border places on the Thai Government. For the last 4 years, we have provided \$5 million each year to help these affected Thai villagers. This year, through the unprecedented intensity of Vietnamese attacks and the increased needs of the Thai villagers, President Reagan has authorized a further \$3 million to help these people. The funds, as you said, will be used for programs of agriculture, water resources, health, transportation, and education. As a friend, we are pleased to be able to help with these burdens, and you can count on our continued support.

DINNER TOAST, BANGKOK, JULY 8, 1985⁴

I've had the privilege of visiting your country many times, and while on government visits you see hotels, highways, and ministries; as a private citizen, you see more. And, of course, I'm aware of the wonderful temples and structures that are here that can't be seen anywhere in the world except here. And so I say to myself, particularly as a person in the construction business, do we build anything today that is in a class comparable to what was built here many years ago? And, of course, there is a message as well that in the past of your country, and of ours, there are many differences: a different culture and set of religious beliefs.

And yet one can't help but ask that how is it, with these different historical perspectives, there is such a unity of views? And it seems to me it comes down to the values of the freedom of the individual, of a dedication to peace and independence, and these ideas unite us.

You have mentioned the situation in Kampuchea. I must say I was brought up calling it Cambodia, then people told me that we should call it Kampuchea, more lately it's been Cambodia again. But whatever it is, it's a tragedy. It's a tragedy for the people of that country. It has produced a flow of refugees, and it has produced problems in this part of the world that are acute here; but problems that we recognize certainly in the United States. And so you can be sure



Secretary Shultz and Thai Prime Minister Prem toast after signing an agreement under which the United States provides \$3 million of aid to Thai villagers along the Thai-Cambodian border.

that in the efforts to cope with the flow of refugees, we continue to work with you and in the effort to meet the threat posed by the illegal occupation of Cambodia by Vietnam, we are by your side.

The Prime Minister said, in our meeting today, that when an important moment came, it turned out the United States was there as a reliable friend, and we will be your reliable friend. We also have discussed economic problems. We even got a paper that I haven't quite read yet, but it must be important because it's fairly heavy. But we all recognized how important economic matters are. And I think that, as we examine the situation and consider what lies ahead of us, we see that this is a time when there are abounding opportunities, but also tremendous pitfalls, the biggest of which is called protectionism. And we must as a world avoid falling into that trap because it does not get anybody anywhere. Nevertheless, to do that will take a lot of effort and it won't happen automatically. It will happen because people recognize the problem and share their experiences and ideas and work hard against it on a coordinated basis. And, of course, one of those basis would be an effort to get an overall negotiation going to open the

trading system more rather than close it down. Much more directly, of course, if you look at the economic relationship between Thailand and the United States, you see a situation that is thriving. And we now have investment from the United States here on the order of \$3 billion. We see opportunities for that to continue, assuming that the right kind of tax investment assurances can be put in place; and we see trade moving forward to the point where the products that come from Thailand to the United States are very important to us and where the United States, by this time, is Thailand's largest trading partner.

So we have a lot of interaction between our two countries. You are important to us and we to you. And so, in the conduct of our relationship, we must try to understand each other and to help each other, and that is the symbolism of my visit. To come, to talk to you, to renew our direct acquaintance with your country and to reaffirm together the common ideas that hold us together. And so, let me respond by proposing that you all join me in a toast to His Majesty the King of Thailand and to the continuing prosperity of this lovely country.

**REMARKS,
BAN THAP THAI VILLAGE,
JULY 9, 1985⁵**

I appreciate your welcome and the comments that you have made; and I think it is properly symbolic that I'm standing here where the Thai flag and the American flag are posted together.

There is a great tradition in America of reaching out to help people who are in distress, particularly when it is distress where they are the innocent victims of something over which they have no control, and also particularly whereas you yourselves are making such a strong effort to make a home for yourselves and to deal with your problems in your own way.

I'm particularly struck by the concrete points that you outline that show your program and the care with which you're administering it.

So I want to say that we consider it a privilege to be able to help you, and I consider it a privilege to come here and be able to meet you and in the spirit of humanity to look each other in the eye, to touch each other and to see this illustration of the very true sense in which the United States and Thailand are united in our struggle for the great goals of peace, independence, and freedom.

**NEWS CONFERENCE,
BANGKOK,
JULY 9, 1985⁶**

Earlier today I had the opportunity to visit the border area and to see a small but important part of this extraordinary country, and to observe some of the fruits of U.S.-Thai cooperation: Cooperation to preserve security and the independence of Thailand, cooperation to restore the independence of Cambodia, and cooperation to help those who are fleeing totalitarianism to build a new future in the United States or in other countries in other parts of the world. So in many ways this has been a stirring visit, and I feel very privileged to have had a chance to go there and see the people that I saw today.

Q. You're on the record as opposing the idea of proximity talks between the resistance and Hanoi with participation with the Heng Samrin government because that would tend to recognize the Hanoi-backed government in Phnom Penh. If you envision a nonmilitary peaceful solution to the

Cambodian conflict, aren't you going to have to envision recognizing them long enough at least to talk to them?

A. There is no point in talking to people who have no constituency and who don't represent anybody. Now the ASEAN countries have made a proposal; I'm sure they don't in any way want to seem to legitimize that regime any more than I do, and I look forward to discussing with them their proposal, and, of course, our approach here is to support ASEAN in their efforts to deal with this problem. So I will want to talk with them about it and I'm sure we'll want to work in concert with them.

Q. Do you see the prospect of increased direct Vietnamese military pressure on Thailand in Hanoi fails to crush the Cambodian resistance in the Cambodian interior?

A. The Thais are very capable people, and I think their capability will deter such aggression. But certainly the record of the Vietnamese is a record of aggression, and that is why not only the Thais but all of ASEAN, and for that matter the whole world, has spoken up many times through the United Nations condemning the aggression taking place now in Cambodia.

Q. On the question of trade ties between the United States and Thailand, I would like to ask for your personal views and the view of the

Reagan Administration on protectionist legislation pending in the U.S. Congress, for instance, the Jenkins bill which has been talked about so much.

A. President Reagan and his Administration oppose that particular piece of legislation, and oppose the idea of protectionism as the way to cure the big imbalance of imports over exports for the United States. Of course, that is a big imbalance, and I don't think anyone imagines that we could continue to have a deficit in trade running to \$124 billion or so a year. It just can't go on indefinitely.

So, the question is what is going to happen? Personally, I think you have to look at the reasons why that deficit emerged in the first place here over the last 2 or 3 years. Then I think you find that the reasons are, first, that the U.S. economy expanded very rapidly in a period of strong recovery relative to what was happening in other economies, so we tended to draw goods in as a result. And second, because of the great net flow of funds into the United States, the market reflected that and has placed the value of the dollar at a level that is not in keeping with what it would be if it were being evaluated, so to speak, only on the financial flows connected with trade.

Now what we see as we look ahead is that the U.S. economy, if we are for-



(Wide World photo)

Secretary Shultz talks with Thais at Thap Thai village.

THE SECRETARY

fortunate, and I think we have a pretty good chance that this will turn out to be so, has gone through this huge surging recovery period and the economy is settling into a pace consistent with our longrun growth potential. But that's a slower rate of expansion than has been true in the last couple of years. And at the same time, if the determined efforts, particularly as put forward by the President, to make major reductions in our fiscal budget deficit are realized, then the Federal Government will be taking less out of the U.S. savings stream. We will, in effect, be able to finance our own investment out of our own savings, as we should.

There may be some moderation in the flow of funds to the United States, so the level of the dollar will probably reflect that fact. So I think we will tend to see a little different picture emerging as a result of those developments. But, protectionist legislation will not help, it will only hurt.

Here the argument was put forward that the legislation you referred to would hurt Thailand, and that point was forcefully made to me yesterday. I agree that it would hurt Thailand. But also, it would hurt the United States. So the President opposes it.

Q. In your opening remarks you mentioned restoring independence to Cambodia and at site 7 [a relocation site in Thailand for displaced Khmer] you were urged to support the idea of military assistance for resistance. Has your visit there affected your thinking on that subject?

A. The visit there kind of makes you realize you take into your gut what you knew in your head about conditions there and the outlook and difficulties and the human tragedies involved. Of course, the United States has been giving economic and humanitarian support to the refugees and to the Thai villagers and others, security assistance and other assistance to the Government of Thailand, and we will continue doing that. That is the kind of tangible support that I have in mind and which I think we must continue and fully intend to continue.

Q. Another question on bilateral Thai and U.S. trade relations, please. About 3 months ago the Thai Government imposed a package of tax increases. Despite the fact that it was meant to be across the board and indiscriminatory, a part of the package has inadvertently affected certain U.S. exports to Thailand. Your Mission in

Bangkok later protested that move. Did you raise this particular issue in your discussions with the Thai officials yesterday and, if so, what was the outcome?

A. I don't know exactly what you are referring to, but I do feel and said yesterday and will repeat here today that protection is not an answer to people's problems. It's not an answer for the United States and I don't believe it's an answer for anybody else. So, measures to deal with the problem by protecting local industry, they can be justified occasionally on an infant industry type argument. But by and large, they just get you into trouble. So the argument cuts all ways and in all countries.

Q. I would like to follow up about the aid to the noncommunist resistance. The Administration did not, as you know, originally ask for this aid but as you know, it's moving ahead in several different varieties in Congress. Do you now favor using \$5 million or whatever the amount that Congress should approve for aid to the noncommunist groups here, and what kind of thing do you think would be useful to do with the money, if it is appropriated?

A. I think it's quite apparent that the people involved have many needs, economic needs of various kinds that can be very useful to them. And if funds are provided, there's plenty to do with them.

Q. What kind of assessment do you have about the prospect for the KPNLF [Kampuchea People's National Liberation Front], their ability to put pressure on Vietnam, and how much U.S. assistance they might need in the short term and the long term?

A. Of course, that's the sort of thing that I have observed and I talk with my colleagues in ASEAN about and hear their appraisals and certainly the situation is that Vietnam, as an occupying power, as is usually the case when an occupying power meets resistance, the people don't like it. They don't like the way they are being treated. So it's a deep, longrun problem for Vietnam and the democratic resistance works with that.

It's also true that Vietnam faces the long-term fact that because of its devotion to military affairs and aggression against its neighbors, it has not turned its attention to the welfare of its own people. So if you compare economic

development in Vietnam with what's going on in the rest of this area of the world, well, Vietnam is standing still compared with the other countries. They're being out-distanced. Other countries are doing a much better job for their people. So I think this combination of things in the end must be something that will come strongly to the attention of Vietnam. How are they going to solve that problem? I think the only way to solve it is to get out of Cambodia and let the Cambodians rule their own country and turn their attention to the welfare of their own people.

Q. To what degree would the resolution of the MIA problem help change the U.S. attitude toward Vietnam? Would that have an impact on the American attitude?

A. We welcome the statement that we have from Vietnam that they would like to see this problem resolved within a 2-year period and the prospect of the turning over of a sharply higher number of remains than has been true in the past. So perhaps this issue may be on its way to resolution. We certainly hope so. We have been working at that for a decade, and we will follow up promptly to see if that can't be done. And, if it is done, I think what will have happened is that a great humanitarian concern and source of anguish will have gotten itself resolved.

Q. When Vietnam floats the idea of a technical office or a liaison office in Hanoi, do you think it is a trick?

A. The point is that if this program is to go forward, naturally U.S. technical people will want to be there to help move it forward, and we have had teams that go there. The more activity there is, the more need there is for technical capability. That's not the same thing as opening a permanent office, but the more activity from our standpoint, the better. We will proceed on the basis that the suggestion from Vietnam that they want to clear this problem up within 2 years is not a trick but is a genuine offer, and we will make a genuine response and hope that our response will be responded to.

Q. Coming back to the question regarding trade of textiles, looking at the memorandum presented to you from the Minister of Finance yesterday, it appears that the problem concerning trade is becoming more of a political problem. In other words we are treating this as a test of true friendship between the United States

and Thailand. In other words, if the Thai grievances are not redressed, we will feel somewhat hurt because of our long political relationship ever since the Vietnam war. What is your reaction to that?

A. I didn't get a sense of grievances. The amount of exports of Thailand to the United States have grown at a terrific pace. By this time we are your largest market. There are some \$4 billion, I think, of investment, or is it \$3 billion of investment? There's a lot of discussion about textiles to the United States from Thailand or from the ASEAN countries as a group, comparing 1984 with 1983.

I don't have all of these numbers in my head at the moment. Maybe Mr. [Paul] Wolfowitz [Assistant Secretary for East Asian and Pacific Affairs] has them on that sheet of paper. The State Department doesn't deal in numbers usually so I don't have them. But, they are big numbers like a 70% increase. So that's not usually a matter of grievance. So we'll get these numbers if you'd like and then you can scratch your head and ask yourself if you should be complaining that the increase was only about 70%. You see, the United States has a lot of people employed in the textile industry and if you have a rate of increase like that, it tends to come very fast and hard and it displaces a lot of people, and that's why you're getting this political reaction.

You mentioned politics in Thailand. There's politics in the United States, too. It's not politics. It's just people reacting to their situation, and when they see something happen that causes them to be unemployed, they react just as you would. But, I think if you look at the facts, you'll see that the U.S. market has been a gigantic, big receptive market for your products. As a matter of fact, in the session that I had yesterday, the complaints were more about the possibility of the bill that was mentioned in, I think, one of the first questions than it was about the record; the record is quite astonishing.

Q. The Thai Government is concerned that your bonus incentive commodities export program may become a permanent feature in your economy.

A. In what program?

Q. The bonus incentive commodities export program.

A. In the agriculture field?

Q. Yes, will become a permanent feature in U.S. agricultural exports. Is this so, and, if not, for how long do you think it will go on?

A. It was a special program that was enacted to go, I think, for a 3-year period, and really the cause of it is the big subsidy program that the Europeans have laid on their agriculture, bringing about huge surpluses that flow into the export market and have tended on a subsidized basis to take markets that U.S. farmers traditionally had.

So the idea of those in the Congress and the Senate, I believe, who sponsored the program was that we should have something that would hit back at that. So it's pointed not at Thailand or countries in this region but at this particular program of the European Community, where we have a considerable grievance ourselves about their programs. My own hope is that the very extensive subsidization in many aspects of agriculture can work its way down in Europe as well as farm programs in the United States, and agriculture can get itself on a basically free market basis and programs like this wouldn't have a place in such a world.

Q. Vietnam keeps saying that one thing that will help get it out of Kampuchea [Cambodia] is to get rid of Pol Pot. Since that probably appeals to most people, why hasn't your government with ASEAN explored that possibility more vigorously than you appear to have done?

A. In the first place, we have never had any time for Pol Pot and regard his activities in Cambodia as shocking, so there has never been any ambiguity whatever about the view of the United States about him. Whether there is anything to the idea that Vietnam would change its attitude if he were not there, is another question and people can scratch their heads about how much difference that would make. But in response to your question, the U.S. attitude toward Pol Pot has been consistent and longstanding and clear.

Q. Has the Central Intelligence Agency (CIA) been providing millions of dollars to the noncommunist resistance as was reported today in *The Washington Post*?

A. We never comment on stories of one kind or another about the activities of the Central Intelligence Agency.

Q. You said at the beginning of this news conference that the United States has a genuine interest and con-

cern about the security and independence of Thailand. What do you think the United States—

A. It's not that we are concerned about it, it's that obviously Thailand, as the United States, stands for independence, security of our countries, and we support that objective of Thailand—

Q. Okay, anyway the question is: What do you think the United States is prepared to do if Thailand is invaded?

A. We have a strong program of security assistance for Thailand. We have close contacts and a good consultative capability. So we will be in very close touch, and as I said earlier, I think the key is the development—as it is being developed—of the Thai capability to make anyone think twice and that's what deters aggression. Deterrence is the key here.

Q. You were asked earlier if you foresaw a step up in the intensity of the Vietnamese attacks—direct attacks—against Thailand in the next dry season and I don't think you answered the question directly.

A. I don't have any capacity to make forecasts of that kind. There's nothing in my base of knowledge that ought to lead you to take my forecast seriously on that. We're going around and people are starting to ask second questions, so I will have to give those who haven't had an opportunity—

Q. I have a question regarding Thai defense. Do you think 12 F-16s will make any difference to the strength of the Thai Air Force in dealing with the Soviet air bases and naval bases in Vietnam?

A. As far as the F-16 is concerned, it's been a terrific airplane and any air force that has it will be better for it. The decision to select that airplane and purchase it was made by the Government of Thailand and the air force; it's their decision and it is a great airplane, so that's about what I have to say on that subject.

Q. I would like to ask about your comment about Prince Rannarith's suggestions—

A. About what?

Q. Prince Rannarith—

A. Again, I don't understand you.

Q. The suggestion of the Khmer resistance to include the topic of Kampuchea among the topics for President Reagan and Soviet leaders this coming November.

THE SECRETARY

A. The agenda for the meeting between President Reagan and General Secretary Gorbachev has not been set as yet, and diplomatic discussions are getting underway to do that. As we have discussed matters with the Soviet Union over the years, and as I have been involved in it personally, we have always had as one of the general areas of subject matter on our agenda, problems around the world in various regions, and those problems include the problems of Cambodia among others. So it's a problem that's very much on our minds and always has been on our agenda but, as I say, the agenda hasn't been developed and agreed on, so beyond that I can't answer your question.

Q. There is some confusion about the letter, or whether you presented a letter yesterday to the Prime Minister from President Reagan. Could you tell us whether you did, and whether it's a new letter or an old letter, and anything about it?

A. No. I didn't present a letter, but the President has written to the Prime Minister on earlier occasions and the Prime Minister referred to that, I believe, but I didn't bring any new letter. I did, of course, bring the President's personal greeting to the Prime Minister and King and Queen.

Q. The American policy on Cambodia has been normally to, quote, stand behind ASEAN. In recent months some ASEAN leaders have called upon the United States to perhaps go out front a bit and take some initiative. Why has the United States been reluctant to take the lead? In other parts of the world, the United States has gotten more intimately, sometimes aggressively, involved but yet they shy away in this part of the world. Or, perhaps are you carrying some new initiatives that you'll be discussing at the ASEAN meeting in Kuala Lumpur?

A. We have a great respect for what the ASEAN countries have been doing. They are very close to the situation, obviously, concerned about it directly; and so we think the appropriate role for us is to work closely with them and basically to support what they are doing and it's quite an appropriate way for the United States to proceed. I think that by and large, as I have taken part in the discussions, the U.S. role has been very well appreciated by the members of ASEAN.

Q. Could you summarize what you think is the main result and the main benefit of your session yesterday with the economic ministers. Do you think you have, in effect, set them straight about constraints on the American side and what the United States can and can't do for expanding trade?

A. I don't think it was a matter of anybody setting anybody straight; although, there was good, I think, direct exchange on concerns, some of which have been raised in questions here. So, it was in that good direct spirit.

In terms of accomplishment, I came away from it with a very good feeling of the concern of the Thai Government, like ours, that the world continues to see trade open up and we agreed that it is important to get a new round of negotiations about further lowering of barriers to trade going as early as possible next year. And, therefore, to push the preparatory work that's being done. I believe that, as I understand it, the Thai Government—as they talk with their friends around the world in a different forum, in meetings where they are represented—will be pushing this idea as we do. I think the more governments from countries in all kinds of different economic settings coalesce behind the idea of getting this new trade round going, we are much more likely to actually bring that to pass. If we find ourselves as a world community talking about and trying to see how to open up things, I think it's a pretty good antidote to the pressures that we all feel from different industries to close things down. So, I think this instinct that I see increasingly around the world, and it was expressed very strongly by the Thai Government representatives, is a very healthy thing.

Again, my appreciation to the people and Government of Thailand for their very warm and generous reception.

NEWS CONFERENCE, KUALA LUMPUR, JULY 10, 1985⁷

Q. The ASEAN communique yesterday formally offered a new initiative for peace in Kampuchea. Are you going to endorse that tomorrow when you see them?

A. I, of course, read about it and have some discussion and explanation today. I'm told that the ASEAN planning is to have it as a major topic of conversation at the meeting. And, of

course, our general disposition has been to support the initiatives of ASEAN. But we'll certainly want to learn about it and see what our view should be after we have a thorough explanation.

Q. The Solarz amendment has passed the House. Do you favor what it is [Inaudible] to do?

A. There are lots of needs. I visited with displaced Cambodians in Thailand yesterday, and I can see that there are definite problems that a little money would help just in getting themselves organized and creating conditions for living where they are as they wish, as they said, to be able to go back home. So, the United States certainly supports those objectives in a variety of ways, and it may very well be that there will be some funding made available that will help us do that.

Q. But you're not going to push it; not going to publicly support the initiative?

A. It seems to be coming forward, and I'm sure that we'll be able to use the money effectively.

Q. I understand in your letter to [Indonesia's Foreign Minister] Dr. Mochtar 3 days ago, you say in it—

A. Three years ago?

Q. Three days ago. You say that you see now the possibility of the United States to get the direct contact with the Vietnamese. Does this mean that you will no longer for a while need his good offices? You are, of course, aware that yesterday the foreign ministers said "No" to Dr. Mochtar to remain as a channel between Vietnam and the United States in connection with the MIA.

A. We're grateful to Foreign Minister Mochtar for supporting our concerns about the MIA/POW issue, and we're ready to proceed and respond to the offer of Vietnam. But I think if we are in direct contact with another country, we don't necessarily need an intermediary. But at any rate we're very grateful to him for his help.

Q. Have you solved the initiative from Indonesia on normalization of relations between the United States and Vietnam?

A. We, of course, will have to decide ourselves and work out our own process involving normalization. We don't think that U.S. policy can be put in somebody else's hands to work with. I don't see

that there is any particular inconsistency here because our view is that as long as Vietnam is in Cambodia, it's very difficult for us to see how normalization makes any sense. So, the efforts being made by ASEAN to bring about a settlement of the Cambodian problem in a way that gets Vietnam out of Cambodia and brings about internationally supervised elections whereby the people of Cambodia choose their own government—and those who have been displaced like the ones I visited yesterday are able to return without prejudice—things of that kind are the sort of actions that would make normalization possible.

Q. ASEAN has called for the United States to play a more active role in finding a solution to the Kampuchean problem.

A. In doing what?

Q. A more active role.

A. In what?

Q. In giving military aid to resistance groups. Can you comment?

A. We don't provide military aid, and we don't see any special need for it from the United States.

Q. Will you be taking the opportunity during your visit to discuss ANZUS with [Australia's Foreign Minister] Mr. [William] Hayden and with the New Zealand Defense Minister, Mr. [Frank] O'Flynn?

A. I'm sure the questions involved in New Zealand's withdrawal of the ability of American naval vessels to call in New Zealand ports is likely to come up. It's a problem of concern to us and the Australians. We look forward to a very fruitful exchange of views with Australians in Canberra as well as the discussions that we'll have here. I would emphasize that while New Zealand has, in effect, withdrawn from a central part of its part in the ANZUS alliance, New Zealand remains a friend and shares the same values we do. We always look forward to discussions with people from New Zealand.

Q. Do you have any comment about reports in Washington that the CIA has been putting money into the noncommunist section of the coalition in Thailand for several years?

A. No, I never have any comment about the CIA's activities or lack of activities. No comment.

Q. What's the next step on the MIA issue with Vietnam? You said something about being ready to respond.

A. I think the next step is for us, as we will be doing, to organize the kind of group we think would be best able to respond and to let them know in Hanoi we'd like to come and work at this problem. Really, it's kind of a technical matter, really, to work at this, and we have people who are very good at it and will want to work at it as promptly and decisively as possible.

Q. Do you predict, perceive that the Americans will play a bigger role or have a greater role on the settlement of the Cambodian problem in the foreseeable future?

A. I don't know what bigger or whatever may be. We have a position that I've described here, and it is in accord, basically, with what ASEAN has been trying to bring about. The ASEAN countries are the ones who are closest to the problem, and so we've followed a pattern of consulting closely with them and a pattern of supporting their efforts. I think that's undoubtedly the right approach for us. So I don't know what kind of a role you would call that.

Q. Yesterday Foreign Minister Dhanabalan of Singapore was quoted as saying: "We are not happy with the approach that the U.S. will just follow the ASEAN lead. We wish the U.S. would take a more active part in this problem."

A. Yes, but then he also said he also didn't want us to be too independent. So, he seems to be ambivalent. And I think the best thing I can do is to wait until I've had a chance to talk to Mr. Dhanabalan and try to take the mystery out of those two "On the one hand this, on the other hand this, on the other hand that" statements.

Q. You seem to be reluctant to support the idea of U.S. military aid for the Cambodian noncommunist rebels. Can you explain why?

A. I think that the military aid is available and can be available from other countries in the region and that the kind of assistance that we've been able to provide which goes in a number of directions—it goes directly to Thailand for its own security, probably the biggest single amount and for a variety of humanitarian purposes, for food, for clothing, for medicine, for things that people need just as much as

they need weapons—is a better role for us and in the longrun more sustainable.

I think one of the important things to design here—whether you're talking about what we do or what the ASEAN countries do—is to have a program that has the capacity to be sustained over a long period of time. That's the kind of program that will be successful. In the end, it's of course, partly a question of the internal pressures on Vietnam, in Cambodia, the resistance that people have naturally to an occupying power on the one hand and the fact that Vietnam has isolated itself by what it's done. It's isolated itself in its own region, and it's isolated itself internationally. And the result of that isolation is that Vietnam as an economy is going nowhere. Their people are not getting ahead. Whereas if they look around in their neighborhood, at Malaysia for example or Thailand or wherever, Singapore, Indonesia, they see economies that have moved very smartly.

I can't help but compare visiting here around 10 years ago, a little more than 10 years ago—and, of course, I've been here a number of times in between—but just taking that reading of 10 years ago, that snapshot, and comparing it with a snapshot today, and you can just see the gigantic advance that Malaysia has made in the quality of life here. It's just visibly apparent. But that can't be said of Vietnam. So, their behavior means that the people of Vietnam are suffering in a way they don't need to, and the way out is obvious—that is, let Vietnam get out of Cambodia and take its place as a nation that plays by the rules of the game in the international community.

Q. Can I follow up on that answer? You said the question, as I understand it, was the policy for the United States that is sustainable in terms of a possible aid, military aid, whatever. The United States is now in the posture of asking other nations to supply military aid.

A. No we're not. We are supporting the efforts of ASEAN, and we're supplying, in our way, the things that we think we can supply.

Q. Would you say—

A. I don't want to have anybody take away the notion that I don't recognize that people who have to fight for the independence and freedom of their country don't have to have military equipment. But it doesn't mean that the United States always has to be the country that provides it.

THE SECRETARY

Q. I guess the point is what do you mean by the question of sustainable? Why would it not be sustainable for the United States?

A. I don't know. It's just my instinct that I think we are going to have greater success in our program if we keep it the way it now is. Congress is a very changeable operation, and they are in favor of something at one time and then some things can happen and they can change their mind and all of a sudden you've got a program that's working that gets derailed. We'd like to avoid that. It's very disruptive to the sustainability of a program. But really I'm going further than needs to be gone. We have, if this legislation passes, an option that perhaps we haven't had, and we'll just have to keep track of it. But for now I think the wisest course for the United States is basically the course we are on.

Q. Are you not worried that the United States might be fueling an arms race in Southeast Asia by supplying sophisticated F-16 aircraft both to Thailand and to Singapore when other aircraft might play the same security job and perhaps at less cost?

A. The United States has responded to a request from those two countries for our willingness to sell those airplanes to them. This is not a decision of the United States, it's a decision made by the government here about some equipment that they wish to have. The fact of the matter is that the F-16 is a terrific aircraft, so it is not surprising that they should want it, given the fact that they want to have an up-to-date air force. But this is not the United States trying to push these weapons here; rather we are responding to an apparent need and desire from the countries in the region. And we are trying to be supportive and be a good partner with them.

Q. The GSA [General Services Administration] has revised the stockpile goals [Inaudible]?

A. I think the situation is something like this: The United States has a very large stockpile of tin, I think on the order of 180,000 tons or something like that. The decision made is in effect to take the bulk of that, 150,000 tons, and to say this is part of our security stockpile, and it won't be put on the market. That has the effect of removing from the overhang on the market of a very large amount of tin. In that sense, it provides a little more assurance and certainty than if that decision hadn't

been made. Now, there is remaining, however, a much smaller, but nevertheless significant, amount of tin left—some 30,000 tons. There will be a program of disposal of that amount, and that's the second thing the GSA announced, and that will take place over a period of time. It will take place under the criterion that the sales shouldn't cause undue disruption of markets, and it's also worth pointing out that we have a memorandum of understanding under which consultations take place. So, as decisions are approached by the U.S. Government on this, there will be discussion with the governments in this region, particularly Malaysia as the largest tin producer, so that people will have a chance to make their points and will have some knowledge of what is taking place. There won't be surprises; there will be a little more certainty put into the process.

Q. I believe in Jakarta last year you faced criticism, if one can put it that way, from ASEAN ministers of what they regarded as growing protectionist sentiments in the United States. Coming to this meeting, would you say that those sentiments have increased or how are you going to answer that this time around? Do you think the situation has become better or not for ASEAN exports?

A. A lot of the complaints had to do with textiles and the protected U.S. market that was so difficult to enter in textiles. If you compare 1984 with 1983, the ASEAN countries shipped around 70 more textiles to the United States in 1984 than they did in 1983. So I can only say that if that's protection, we're doing a poor job of it. Now, I think the concern likely is more on a piece of legislation that's been introduced into the Congress that would have the effect of cutting back on imports into the United States. This is a bill the Administration and the President opposed. Yet at the same time, it is true there is a lot of protectionist sentiment in the United States derived from the gigantic deficit in our trade, and I think we have to certainly address that problem.

**STATEMENT,
ASEAN SIX-PLUS-SIX
MEETING,
KUALA LUMPUR,
JULY 11, 1985***

I'd like to join my colleagues in thanking you for the wonderful hospitality extended to us, for the fine organization of

this meeting, and for the general ambience that Malaysia is providing us here. And also, I would like to join them in expressing my admiration and appreciation for the ASEAN countries and the ASEAN organization. You have created something unique and important in the world, and it does provide for us, your dialogue partners, a chance to come here and meet with you in an organized and systematic way and, among other things, to reflect on developments in the Asia-Pacific basin, as well as the direct matters concerning our countries and the ASEAN countries, as such.

As the final speaker here, I find that practically everything that I might have said has been said, and so, I don't just want to reiterate what others have very well put forward. But I do take note of the fact that there is virtually a consensus of views about what are the important things to focus on here, and, in a broad way, what the direction of our efforts should be. So that as we proceed in our discussion, we don't need to argue about broad objectives, but we need to get down into the operational details of exactly what can be done to make headway on the issues that have been highlighted. Just to go through them very briefly. Of course, of central concern, as everyone has addressed here, are the issues presented by Vietnam's occupation of Cambodia. We join you and others in rejecting that occupation, in supporting the democratic opposition in all ways that we can, in recognizing the importance of maintaining not only the strength of purpose there but the willingness to have a negotiated outcome, if such an outcome can be found that meets the terms that have been put forward—namely, Vietnam leaving Cambodia, the emergence of some process by which the people of Cambodia select the government of their own choosing and through which those who have been displaced from that country have an opportunity to return with safety and honor to their own country. In the end, it seems to me that there must come a point where the government of Vietnam and the people of Vietnam reflect on what they are doing to themselves, let alone to others. And the fact of the matter is that the Vietnam economy, the Vietnam standard of life, has stagnated these many years. While all around them, they must observe economies that are progressing and progressing rapidly and leaving them far behind. Their self-imposed isolation is imposing deprivation on their

own people, and from that standpoint, they have much to gain by rejoining the international community in a proper way. Of course, the Cambodian tragedy has brought forward many refugees and displaced persons. Speaking from the standpoint of the United States, we have and will continue to work strongly with you to help deal with these problems. We have taken something like 750,000 refugees during the course of this program, including around 50,000 this year. Like all of you, we would hope that conditions could stabilize so that we wouldn't have continuing refugee problems. But in the meantime, we pledge to work with you and continue our part in this important program.

Each speaker has highlighted the drug problems, and we certainly feel them in the United States and admire the ASEAN initiative that has been referred to and look forward to detailed discussions here and elsewhere on these problems. I sense that there has been some turn in this in the United States, particularly as the result of the involvement of Nancy Reagan, the President's wife, who has taken a very strong interest and somehow has been generating an important shift in attitudes toward the consumption of drugs. And we have noticed that as the first ladies of countries around the world take more and more interest in this—and the first lady of Malaysia came to a meeting in Washington and has worked effectively here—that in many ways this may be an important avenue into turning people to attack this problem and really do something about it. But at any rate, I agree with the thrust here of the importance of this problem.

As is also true with the problem of terrorism. It is an international, worldwide phenomenon, and I think [Canadian] Secretary [of State for External Affairs, Joe] Clark's outline of the various places where even recently we have seen terrorist tragedy strike serves to make that point. We will look forward in this discussion to giving our views from the standpoint of the United States as to what should be done about it. But certainly we do have to recognize that it is a major problem, that there are international links involved, that there are states in this world that support terrorism—you have to look reality in the face—and also that there is a link between drug trafficking and terrorism in which the drug traffick-

ing provides a lot of the money and the terrorists provide some muscle. So, that joins those two problems together.

Finally, I would just comment briefly on the subject of international trade and the international economy, obviously something of great importance to all of us. The United States is an important trading partner to every country represented in this room. I would say that no country suffered more than the United States from the outbreak of protectionism which rolled through the world in the 1930s. No country has benefited more than the United States by the emergence of a more and more open trading system in the years following World War II. I hope we don't have to learn that lesson over again. So it's extremely important for us to work on this problem of maintaining open markets. I speak as a country that has a deficit in our trade as a result of the huge amount of imports that come into the United States—that is, a deficit of record proportions. And so we all feel the political repercussions that come from the fact that we are inundated with imports and find ourselves restricted in our capacity to export. I think there are some deep-lying causes for some of these developments, and the trade regime is an extremely important part of it all, but not the only reason for this big deficit. But work on the trade regime is essential. I don't think there is the slightest doubt about it. As I think Mr. Clark said, if we don't have a new round started and working so that the effort to open markets further stands at the center of attention, then what will happen is that the efforts of those who want to close markets will stand at the center of attention. It won't be possible to clean up what's left over of the Tokyo round or do other things that we want to do. We will be so busy fighting protection. So, I think the start of a new round is essential, and there are things that we can do about it, particularly, perhaps, right here. There were meetings in Geneva earlier this week to approve the preparatory session which is more or less scheduled, I think, for September. That conference failed to achieve the unanimity necessary. I believe the two countries that continue to have their reservations, and at this point they are blocking progress, are India and Brazil. It seems to me in our various ways we ought to be in touch with them, and promptly, to see if their minds can't be changed on this important subject.

There is a meeting of GATT [General Agreement on Tariffs and Trade] on July 16th and 17th, I think it is, and that presumably is a decisive meeting as far as the preparatory work is concerned. So, there is a little time here, and I think that it's important to turn this around and have this show get on the road and move. Certainly, the United States strongly supports such an effort.

**REMARKS,
ASEAN POSTMINISTERIAL
CONSULTATION,
KUALA LUMPUR,
JULY 12, 1985^a**

The United States and ASEAN have a deep and enduring partnership because we have in common basic interests and high ideals. We share a stake in security and stability in the Asia-Pacific region. We value our freedom and independence. We seek prosperity and social justice for our peoples.

Today, let me address two particular subjects of common concern: first, economic development and growth and, second, the quest for peace.

Economic Development and Growth

Economic development knows no borders. The dynamics of development by which Europe and North America grew from agrarian societies into highly urbanized industrial nations, and which continue to change us today, operate with equal force the world over.

In recent years, we have seen a spreading recognition throughout the world that development and prosperity depend on the freedom of individuals to create, produce, and sell in an open market. The freest societies in the world, those whose institutions liberate the talents and energies of the individual, are also the fairest and most prosperous. Sound national policies based on these principles of freedom are the essential building blocks of a prosperous world economy.

Our challenge today is to carry out sound national policies that will protect the current world recovery and move us decisively onto the path of sustained, noninflationary growth. To free up our individual economies, and to free up the world trading system, difficult and sometimes painful political decisions are required of all of us. Here is a five-point program of action.

THE SECRETARY

First, the United States must—and will—substantially reduce its Federal spending and fiscal deficit, while undertaking basic reform of our tax system in the interests of fairness, economic growth, and simplicity. These actions will help bring down our interest rates and help ease the international debt problem. Interest rates in the United States have, in fact, declined sharply over the past 3 months, with short-term rates down 2-2½ percentage points and long-term yields from 1¾-2 percentage points lower.

Reduction of our deficit and interest rates will also help moderate the strong net financial flows into the United States, thereby lowering the exchange rate of the U.S. dollar. A lower dollar, of course, would make the United States more competitive in world markets—I just want to put everyone on notice. But this will help correct our excessive trade imbalance, itself becoming a major engine of protectionist sentiment. We know that protection is not a cure; it is a disease. As was said at the Bonn summit: "Protectionism does not solve problems; it creates them." The Reagan Administration will do its part to maintain and develop further the open trading system.

Second, the West Europeans need economic expansion. To get it, as they noted in their statements at the Bonn summit, they must reduce labor market rigidities and other structural obstacles to growth and innovation, create conditions that stimulate savings and attract investment capital, and, to quote their own words, "encourage entrepreneurial activities" and "reduce the claims of the public sector on the economy."

Third, Japan, in addition to opening its markets to foreign products, should reduce the degree to which its high rate of domestic saving spills over into a disruptive trade surplus. This could be done by liberalizing capital markets and internationalizing the yen and by policies which stimulate domestic sources of growth, including investment in Japan by Japanese and foreigners alike.

Fourth, the developing nations, especially those heavily indebted, should continue to make the structural adjustments needed to stabilize their economies, reduce the burden of government, expand their trade, and stimulate growth. We all understand the principles of development, though our experience in adapting them to our diverse societies may vary. Key elements are: the need for political stability under the rule of law; the commanding role of private savings and investment in producing



Secretary Shultz and Assistant Secretary Wolfowitz at the ASEAN postministerial meeting in Kuala Lumpur, Malaysia.

wealth; the vitality of "human capital"; and the importance of a sound currency and stable prices, as well as incentives and institutions that favor individual initiative.

Fifth, all nations benefit from freer international trade and, therefore, should support the preparatory work for a new GATT [General Agreement on Tariffs and Trade] round next year. Trade is the lifeblood of the world economy, and we have a solemn obligation to resist the temptations of protectionism. All of us should eliminate or reduce measures that limit trade; this Administration opposes any surtax on imports. We all know that major areas like agriculture, steel, and textiles are now heavily traded and subject to increasing protectionist measures such as import quotas, export subsidies, and other impediments. In addition, the trading system is burdened with other restrictions, such as domestic content laws, mandatory export requirements, subsidized export financing, counter- and barter-trade arrangements, and many others. Trade in services is incompletely covered by existing international rules, yet restrictions in this area are a serious distortion to the system.

This program of action calls for many hard decisions. But they are the right decisions. We stand at the threshold of what can be, if all governments meet their responsibilities, a long period of global economic expansion and a new era of unprecedented prosperity.

ASEAN is proof of the success of economic freedom. The United States values the ASEAN-U.S. dialogue, and we are pleased with the meeting held in Washington in April. Much of that dialogue focused on commodity issues. As I have said in this forum in the past, the United States is convinced that the long-term interests of both producers and consumers are best served by not interfering with market forces in the commodity field. There is no substitute for a free, well-informed market. Where particular problems arise we are, of course, prepared to address them.

- We recognize that the international rubber agreement has performed a useful function in the 4½ years of its life. We have had constructive negotiations with the producer countries on issues that concerned us. The first round yielded a good understanding of respective producer and consumer views. We will participate in good faith throughout the negotiations.

- Tin has been a longstanding source of friction between us. But we have now agreed on an important memorandum of understanding on tin.

- As you have been informed, President Reagan has decided to propose a modernization of the U.S. national defense stockpile of strategic materials. New stockpile goals are being formulated which will lead to a change in the composition of surplus commodities and

5-year program of disposals and purchases. As is current practice, any releases from the stockpile will be done so as to avoid undue market disruption. We will consult closely with you and other interested countries as this proposal is implemented.

- I know we have some differences on textiles, but let me cite some revealing figures: the textile industry is the single largest employer in the U.S. manufacturing sector. The growth in textile imports into the United States in 1984 was 32% over the 1983 level. In the case of ASEAN, in 1984, despite much criticism, U.S. textile imports grew by 74%.

- In volume, ASEAN thus far in 1985 has become our fourth largest textile supplier, exceeding Hong Kong, China, and Japan. The United States is committed to an orderly international trading regime in textiles. We support the multifiber arrangement and will be negotiating a renewal of it in the coming months.

Our dialogue paid much-needed attention to intellectual property rights. The United States is concerned about widespread international piracy and counterfeiting of the intellectual property of American citizens. Americans also face serious obstacles in acquiring intellectual property rights in some countries. I urge those ASEAN nations not yet adhering to the major intellectual property conventions to do so. Protection for these rights is in the interest of all nations because it nurtures domestic innovation, creativity, and technological advance. Those governments that fail to protect these rights do damage to themselves, for their business environments will become increasingly unattractive to the foreign capital and technology that spur development.

The Quest for Peace

Of the many interests we have in common, surely the most basic is our quest for peace. Conflicts in this world have many origins: national rivalries, social injustice, militant ideologies, and other causes. The Soviet Union, unfortunately, exploits local grievances for its own ends. The Soviet Union does not share our vision of a peaceful international order, and it seems prepared, all too often, to impose its own vision by the use or threat of force. In the past 20 years, the Soviets have continued a relentless military buildup, nuclear and conventional, surpassing legitimate needs of self-defense. This buildup is apparent in several regions, including Southeast Asia and the Pacific. Their

nuclear arsenal, which reached parity with ours more than 10 years ago, continues to grow.

Military Balance. The United States, under President Reagan, has taken steps to maintain a secure military balance. We want all our friends to know that we are committed and engaged in Asia, helping our friends to assure their security. Since 1981, we have greatly strengthened our naval and air resources in the Asia-Pacific region. We have added 15 Perry-class frigates, 8 Spruance-class destroyers, and 6 Los Angeles-class submarines. The addition of a second battleship group in mid-1986, led by the U.S.S. *Missouri*, will greatly increase our surface strength. We have added to our air forces 112 F/A-18s, two squadrons of F-16s, and 116 new Blackhawk helicopters. We have also greatly expanded our stocks of munitions and spare parts. These actions demonstrate our intention and our will to remain of paramount importance in the Pacific. Our military facilities in the Philippines enable us to protect vital lines of communication in the region and to counterbalance the growing military power of the Soviet Union and its surrogates.

These facilities are a key element in our interlocking network of bases in the Western Pacific and Indian Ocean. Thus, they are crucial not only to the United States and the Philippines but also to the security of our other friends in Asia, from Japan and Korea to the Persian Gulf. American policy toward the Soviet Union has two tracks: to deter aggression and to hold the door open to more constructive relations. Since the ASEAN meeting last year in Jakarta, our diplomatic dialogue with the Soviets has resumed. President Reagan met last September with then-Foreign Minister Gromyko and will meet Mr. Gorbachev [Soviet General Secretary] in Geneva this November. I met with Mr. Gromyko in January and again in May and will meet with his successor, Mr. Shevardnadze, in Helsinki at the end of this month. The channels of communication that the Soviets had shut down are open and working again.

We agreed to upgrade the "Hot Line." Our 10-year economic cooperation agreement has been extended. We have begun negotiations to expand cultural exchanges. There have been exchanges of views on regional issues, such as the Middle East, Afghanistan, and southern Africa. Most important, we have started new talks on the control and reduction of nuclear weapons.

For all our differences, the United States and the Soviet Union have a common interest in averting nuclear war. At Geneva, the American negotiators have instructions to explore and seek common ground on reducing nuclear arsenals and strengthening strategic stability. We also have to resolve major Soviet violations of existing agreements including the 1972 Anti-Ballistic Missile Treaty. The illegal use of chemical weapons in Indochina was a shocking example of Soviet behavior. The United States, by contrast, has remained in strict compliance with all arms control agreements. President Reagan's decision early last month to disassemble a Poseidon submarine in order to keep within SALT II [strategic arms limitation talks] Treaty limits demonstrates that we will go the extra mile for arms control. Prevention of nuclear war is our gravest responsibility; we share with peoples all over the world hope for a successful outcome of the Geneva negotiations, and we are doing all we can to assure that success. So far, I am sad to say, the Soviet Union has not shown a readiness to work for such an outcome.

Nuclear Proliferation. As we continue our dialogue with the Soviet Union, we will not forget the other potentially disastrous dimension of the spread of nuclear weapons—the emergence of additional nuclear weapon states. Here we have had some success. Both sides see the potential spread of nuclear weapons to additional states as a danger to the stability and safety of world order and are dedicated to doing everything possible to prevent that spread. Each has worked to strengthen the International Atomic Energy Agency and its vital safeguards system; and each has worked to increase the effectiveness of the guidelines observed by nuclear suppliers; and each has strongly supported the Non-Proliferation Treaty.

For our part, we have sought to foster a web of institutional arrangements, legal commitments, international safeguards, and security arrangements which would guard against and make less likely the trend toward further proliferation while at the same time assuring that the benefits of peaceful uses of nuclear energy are ever more widely available to the developing world. We have concluded new bilateral agreements that will further strengthen the non-proliferation regime. We have vigorously pursued an initiative aimed at establishing comprehensive safeguards as a universal condition for supply. At the same time we are mindful that recipients must be able to count upon

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reliable sources of supply. We have reestablished dialogue with suppliers and recipients alike to create the framework of cooperation essential to an effective nonproliferation regime. There is a growing awareness of the danger and responsible reaction to it. New potential suppliers—including South Africa, Argentina, Brazil, and China—are requiring safeguards as a condition for supply. In short, we have made progress, but we must be both vigilant and vigorous in our continuing pursuit of our nonproliferation objectives.

Vietnam and Cambodia. In East Asia the most immediate threat to peace comes from Vietnam. In December 1978, Vietnam invaded Cambodia, replacing a barbaric communist regime with a puppet regime backed by a brutal Vietnamese occupation. Cambodia's agony goes on as the Vietnamese rain death and destruction on the Cambodian people.

ASEAN quickly organized international opposition to Hanoi's Cambodian invasion. ASEAN has played the lead role on this issue ever since. You organized the 1981 International Conference on Kampuchea, which laid down the basic principles for a settlement—complete withdrawal of Vietnamese forces and the restoration of Cambodian independence, sovereignty, and territorial integrity under a government chosen in free elections under international auspices. ASEAN was also the midwife to the birth of the noncommunist resistance coalition led by Prince Norodom Sihanouk and Mr. Son Sann, and you continue to be their principal supporters.

The ASEAN call for proximity talks introduces a new element into the equation. There are, of course, risks. Many interests are involved, particularly those of Thailand, the front-line state. We are reassured by your statements that you would certainly not want to move in a direction which would imply recognition of the puppet Heng Samrin regime.

The main thrust of the proposal is, however, laudable. ASEAN is leaving no stone unturned in the quest for a peaceful resolution of the Cambodian conflict. This approach deserves the backing of the international community, and the United States certainly supports it.

The United States strongly backs your policy of political, economic, and military pressure on Vietnam to negotiate a settlement. Your interests in the outcome of the Cambodian problem are primary. A regional framework, led by the countries whose interests are

most directly involved, is clearly the best approach to a solution. You can be sure of our support. We provide political, diplomatic, and humanitarian support to the noncommunist resistance. We, of course, provide no assistance whatever to the Khmer Rouge, whose history of atrocities we continue to abhor. We are looking at ways, consistent with your leading role, in which we might provide more support, and we will consult with you.

In support of our shared goal of a negotiated settlement in Cambodia, the United States also will maintain trade restrictions and deny Vietnam the benefits of normalized relations until Hanoi is ready to live in peace with its neighbors. Specifically, Vietnam will have to agree to a settlement in Cambodia acceptable to ASEAN, which includes the negotiated withdrawal of its forces. If Hanoi desires better relations with other countries, then let it agree to a satisfactory settlement in Cambodia. We are standing ready to play our constructive role.

The United States has its bilateral concerns with Vietnam. Foremost among these is the fate of American servicemen and civilians still missing and unaccounted for during the Indochina war. The American people have expressed their feelings quite clearly to us and to our Congress. They will accept nothing less than Vietnam's full cooperation in evidence attempting to resolve the fate of our missing men.

We greatly appreciate your own efforts to urge the Vietnamese to be more forthcoming, and we take some encouragement from recent indications that these efforts may be bearing fruit. In a POW/MIA technical meeting in Hanoi last week, the Vietnamese Government promised to return the remains of 26 Americans and to provide information on 6 others, a significant move forward. We welcome this positive development. We also welcome the recent Vietnamese expression of willingness to resolve this continuing human tragedy within 2 years, and we will follow up with the Vietnamese to explore how this can be done. We have made it clear that we will spare no efforts to resolve this issue in the shortest time possible, and we are prepared to send our technical people to Vietnam on a full-time basis if the Vietnamese are prepared to agree to a work program that would warrant such a step. At the same time we have made clear that this would in no way constitute a diplomatic presence, and the normalization of U.S.-Vietnam relations is dependent upon a negotiated settlement of the Cambodian problem. We and Vietnam

agree that the issue of our missing men is a humanitarian one whose resolution should not be obstructed by other differences between us.

The communist regimes in Indochina have been responsible for the largest flood of refugees since just after World War II. More than 1.5 million people have fled Indochina since 1975, imposing a heavy burden on the countries of Southeast Asia. ASEAN's response in first offering asylum for these people has made the difference between life and death for many thousands.

The United States has accepted the greatest number of these refugees for permanent resettlement. Since 1975 the United States has admitted 743,000 refugees. We have shared this humanitarian mission with other resettlement countries. We support your search for more effective solutions, including expansion of the orderly departure program. We will also continue our strong support for international efforts to assist the 230,000 Cambodians along the Thai-Cambodian border displaced during the recent Vietnamese offensive in that area. We will also support efforts to combat the terrible pirate attacks on refugee boats in the South China Sea.

One group of people is of particular interest to us. Those imprisoned in so-called reeducation camps because of their past service to the Republic of Vietnam or close association with the United States. Hanoi has asserted for years that it will let these political prisoners go if only we would take them all. Last autumn, President Reagan offered to bring all such persons and their families to the United States and proposed to begin by admitting 10,000 in the next 2 years. Hanoi no longer adheres to its original proposal and, despite our repeated appeals, has added conditions that are extraordinarily inflexible. We hope this is not Hanoi's final position and are prepared to meet again to resolve these differences and reach a mutually agreeable solution.

Philippines and Thailand. We have deep concern for the security of the ASEAN nations, particularly the Philippines, which faces a growing armed communist insurgency, and the front-line state, Thailand. For all of the ASEAN nations, our security assistance has almost tripled from \$173 million in 1980 to \$429 million last year. Security assistance to Thailand has increased from \$39 million to \$107 million over the same period. We plan to do more in view of the mounting threat from Vietnam. Our assistance to the Philippines includes a large economic component

and is aimed at helping a close friend and treaty ally overcome serious political, economic, and security challenges. It supports Philippine efforts to revitalize democratic institutions, maintain stability, and lay a basis for long-term economic growth.

Afghanistan. In another area of Asia, the peace was brutally destroyed when Soviet forces invaded Afghanistan in 1979. Today, 5½ years later, the struggle of the Afghan people for freedom and independence not only continues but, almost miraculously, grows stronger. The Soviet Union has ignored international calls for negotiations, preferring military escalation. Soviet pressures against Pakistan have been stepped up.

None of us can remain indifferent. Our goal must remain a political solution, but, in its absence, the Soviets must pay a high price for their aggression. This is the only way to bring them to the negotiating table. The Afghan resistance has recently formed a new alliance, whose existence underscores the reality that this is a genuine national liberation struggle. The tide of history is running with the Afghan resistance. They deserve our political and moral support.

Narcotics. Another matter of common interest is narcotics. Southeast Asia is a major producing region, and your countries and mine are all victims of this pernicious traffic. Annual output of opium in the Golden Triangle area of Burma, Thailand, and Laos is estimated to be 650-700 tons or more. Higher production in recent years has kept heroin prices relatively low, which, in turn, has let traffickers recapture markets in Europe and the United States while expanding their markets in Asia. Nearly a quarter of the heroin consumed in the United States now comes from Southeast Asia, double the amount of just a few years ago. We recognize and admire the efforts of the Royal Thai and other ASEAN governments to combat this scourge to society.

As many of you are aware, most of the opium and heroin produced in the region is consumed in Asian countries. Heroin addicts in several countries in the region are now more numerous in proportion to total population than they are in the United States; they include increasing numbers of young, primarily urban, addicts.

Throughout the region, drug addiction and trafficking are responsible for corruption and other illicit activities and

create serious health and social problems. The proceeds of these activities are used to support terrorism and insurgency. Narcotics trafficking is an important security problem. Our united efforts are needed to combat it effectively.

Terrorism. Yet another matter of common interest is terrorism. The ASEAN nations and their neighbors, with several tragic exceptions, have been comparatively free of terrorism in the recent past. But there is no reason to expect that this region is immune from this scourge. All nations need to heighten their awareness and their preparedness. An avenue you might wish to consider is the establishment of a regional convention to suppress terrorism. The Organization of American States convention on terrorism and the European convention on the suppression of terrorism are two precedents. Other approaches you might consider are issuing a joint declaration condemning terrorism and hijacking or perhaps organizing an action group within the framework of ASEAN to address the subject of terrorism. We are ready to cooperate with you in antiterrorism training. Before this vicious enemy threatens or takes the lives of your citizens, as it has ours, I urge you to become actively engaged, bilaterally and multilaterally, with other civilized nations of the world in an all-out war on international terrorism.

China. No discussion of the prospects for peace and stability in Asia would be complete without mention of the People's Republic of China. The United States regards China as a friendly, nonaligned country. China conducts an independent foreign policy; it has moved recently to ease tensions with the Soviet Union. On many international issues China's policy is parallel to ours; on other issues it is not. Our relationship with China is premised on the fact that the former outweigh the latter. China's emphasis on economic modernization—an emphasis that has already produced impressive achievements—should give Beijing an additional strong stake in a stable and secure international environment.

Thus we believe that a secure China, working at modernization, can be a force for peace and stability in Asia and the world. An insecure and frustrated China would not serve our interests—or yours. China's ability to defend itself against the Soviet threat is crucial to the global balance of power and to stability in East Asia. To that end, the United States and China are cooperating in selected defensive—I stress the word

“defensive”—military areas. We are mindful of your interests. Our policy ensures that any upgrading of China's defensive capabilities will in no way jeopardize the security of our friends and allies in this region.

Central America. Let me turn briefly to another region far from here, but where values we share are at stake: Central America. In El Salvador, our policy to foster democracy through political, economic, and social reform and security assistance is succeeding. El Salvador has conducted four free elections in the last 3 years, and the roots of democracy under President Duarte's government are growing stronger.

Nicaragua, however, is a threat to its region. The hopeful revolution that overthrew Somoza in 1979 has been betrayed by the Nicaraguan communists. They made solemn promises to the Organization of American States in 1979 to bring democracy to their country, but today they seek to consolidate a totalitarian monopoly of power. That is why some 15,000 Nicaraguans have taken up arms against the regime. The Nicaraguan communists' ties to the Soviet bloc grow steadily; they are actively involved in attempting to subvert El Salvador and two other democratic neighbors, Costa Rica and Honduras. The issue has its parallel in Southeast Asia: regional bullies cannot be allowed to terrorize and intimidate their neighbors. President Reagan has called for a cease-fire and dialogue between the Nicaraguan regime and its democratic opposition. And we continue to support the Contadora process that seeks a comprehensive regional negotiated settlement.

The U.S.-ASEAN Relationship

The United States is proud to be a partner of ASEAN in the pursuit of economic development and the quest for peace. With each passing year you demonstrate new vitality and cohesion, earning the admiration of the global community.

Our relationship with you is a rich one. The United States is tied to individual countries by history, by treaty commitments, and by shared interests. These annual consultations demonstrate the ties that bind us to you collectively as well.

Deeper than this, the private contacts of thousands of individuals and enterprises are far more extensive than any government-to-government contact could possibly be. As our trade grows, the web of our interaction grows broader and thicker. In 1984,

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U.S.-ASEAN trade grew by 11% to reach a level of \$26 billion. That is certainly impressive when one considers that the level was only \$945 million when ASEAN was founded 18 years ago. U.S. investment in ASEAN continues to grow and in 1984 reached about \$10 billion.

The rapid growth of these private and personal relationships reflects our mutual commitments to our common humanity: the freedom of the individual to worship, to think, to speak, and to act as he chooses; to create, to produce and sell—all under the rule of law. This is what our partnership must stand for. The progress you have achieved is gratifying to us. We are always pleased to meet and consult with ASEAN, our partner in advancing freedom and peace in the world.

OPENING REMARKS, ANZUS MINISTERIAL MEETING, CANBERRA, JULY 15, 1985¹⁰

I want to say that I share with you the hope that as time goes on we will find a way to rectify our differences with New Zealand so that they, once again, can join in these meetings. As you noted we will have a very wide range of subjects being discussed, and we'll look forward to that searching examination of opportunities, problems, and developments around the world.

Our talks today reflect the deep commonality of interest that bind our countries. As nations sharing a frontier heritage, we learned early on that individuality and support for our fellows were not contradictory values. As we have moved into a world of heightened dangers, we have recognized similarly that our ability to exist as sovereign and democratic nations cannot be divorced from our willingness to stand by one another.

The United States and Australia are deeply committed on the core values of the West: democracy, freedom, justice, and the worth of the individual. These bonds were sealed by our common sacrifices in four wars in this century to defend the values in which we believe.

It is our commitment to common ideals that has made our alliance enduring. It is not so much that we share strategic interests—which we do; our links are much more profound. We are tied together on a deeper level by moral bonds that emanate from the values of our peoples. Our mutual commitment

flows from this unique fellowship, not from any crude calculation of costs and benefits.

Recognizing that this fellowship exists does not guarantee its permanence. Democracies, regardless of their commonality of interest, can be divided from one another. Escapism and isolationism are phenomena which are well known in the United States. These lingering urges in the West to flee from the common responsibility have been exploited continually by our adversaries.

Those who despise democracy know that, once the will for common support disappears among us, the strength of our common values can yield to calculations of short-sighted individual advantage.

Accordingly, our adversaries seek to intimidate, opting that the siren song of escapism will work its way. We have learned all too painfully that to heed this song is to invite war. And war today is truly too horrible to contemplate. As President Reagan has said repeatedly, "A nuclear war cannot be won, and must never be fought."

Forty years ago our two countries were fighting side by side in one of history's most terrible wars, a war that Winston Churchill correctly called the "unnecessary war" because it could have been prevented if the democracies had acted together in time. Today there are some who say that our alliance is not needed because this region is at peace. But if there is peace, it is in large part because of this alliance and the other alliances of the Western democracies.

It is not because there is no threat to peace. Soviet military forces have grown steadily and disturbingly over the last 20 years, not only in Europe but closer at hand—in the northern Pacific, along the Chinese border, in Southeast Asia, and around the Indian Ocean. Most disturbingly, the Soviets' continued demonstration in Afghanistan of a willingness to use force must concern us all.

Fortunately, the United States and Australia have not sought to opt out of our commitment to one another and to all those responsibilities essential to peace and security of the West. In remaining true to our values, we are able to produce results that are profoundly beneficial to ourselves and to the entire region. Regionally, the ANZUS alliance has helped create conditions of stability that have permitted extraordinary economic growth in the East Asian and

Pacific regions. Globally, our alliance is a vital part of the Western network of security arrangements that has contributed so much to the avoidance of nuclear war.

Accordingly, it gives me great pleasure to come to Australia to consult with Prime Minister [Robert] Hawke, Foreign Minister [William] Hayden, Defense Minister [Kim] Beazley, Primary Industry Minister [John] Kerin, and Trade Minister [John] Dawkins on the full range of global, regional and bilateral issues that engage our interest. I am sure that the fruit of these discussions will be a further deepening of our already profound friendship.

U.S.-AUSTRALIAN JOINT STATEMENT, CANBERRA, JULY 15, 1985

Australian Minister for Foreign Affairs Bill Hayden and U.S. Secretary of State George Shultz met today, July 15, 1985, in Canberra to discuss regional and global issues and the further development of bilateral relations. Australian Minister for Defence Kim Beazley also participated in these talks. The ministers were joined, on the Australian side, by the Secretaries of the Departments of Foreign Affairs and Defence and by the Chief of the Defense Force and, on the American side, by Commander in Chief, Pacific Admiral [W. J.] Crowe, Assistant Secretary of State for East Asian and Pacific Affairs Paul Wolfowitz, State Department Counselor Edward Derwinski, Ambassador-at-large Richard Fairbanks, Director of the State Department's Bureau of Politico-Military Affairs Allen Holmes, Deputy Assistant Secretary of Defense James Kelly, and the Charge d'Affaires of the U.S. Embassy in Canberra, David Lambertson. The Australian Minister for Trade, John Dawkins, and the Australian Minister for Primary Industry, John Kerin, participated together with their senior advisers in the discussions which embraced economic and agricultural interests.

Mr. Hayden and Mr. Shultz declared their governments' intention to have meetings at ministerial level as necessary and to further strengthen consultative arrangements as between allies with shared interests and with continuing obligations as treaty partners. They noted that habitual close consultations between the two governments were being given additional substance through

regular foreign policy and defense discussions, annual arms control talks, and exchanges at the officials level.

Both sides stressed the importance of the ANZUS treaty and of continued cooperation between the two countries on defense and other matters under the alliance. They reaffirmed their expressed views on the essentiality of port and airfield access to the continuing effectiveness of the alliance. Both sides expressed the hope that an early return to the full range of trilateral cooperative activities might be possible.

Among other matters discussed were recent developments in United States-Soviet Union relations, as well as in Northeast and Southeast Asia, the Middle East, southern Africa, the South Pacific and Central America.

The two sides also exchanged detailed views on arms control and disarmament, stressing the need for deep verifiable reductions in existing nuclear forces. In this regard, they emphasized the necessity of strict compliance with all arms control agreements, and noted President Reagan's policy of reciprocal restraint on the SALT [strategic arms limitations talks] treaties. Other issues discussed were the Non-Proliferation Treaty review conference, nuclear test ban issues, the United States SDI [strategic defense initiative] program and the need for an effective global ban on chemical weapons.

The particular problems posed for democracies in responding to the growing incidence of international terrorism were also discussed. Both sides condemned all acts of terrorism as bringing indiscriminate suffering to innocent people and called for universal compliance with relevant international conventions.

Participants agreed that it had been timely to discuss issues affecting states and territories in the Pacific Ocean. Both sides recognized the desirability of cooperating with the island nations with the object of encouraging their further social and economic development in a secure and stable environment. Australia reaffirmed that it would continue to give special attention to the needs of the island members of the South Pacific Forum and contribute to their welfare and prosperity. The constructive move of the United States to terminate the Micronesian trusteeship and to cooperate with the successor entities was noted.

Issues of common economic concern were also discussed. Both sides agreed on the importance of maintaining and

improving the multilateral trading system represented by the General Agreement on Tariffs and Trade (GATT). To this end both sides agreed that the early commencement of a new round of multilateral trade negotiations aimed at reducing protectionism and eliminating distortions in trade was highly desirable.

The two sides noted that ministerial and technical-level consultations had been held on the United States' agricultural export enhancement program. Both sides noted that assurances had been given that, in the implementation of the export enhancement program, every effort would be made to avoid harming Australia's trading interests.

WELCOMING CEREMONY REMARKS, NADI, FIJI, JULY 16, 1985¹¹

Mrs. Shultz and I, as well as all the members of my party, are deeply touched that you have honored us by sharing with us a fundamental part of your cultural heritage. We appreciate these symbolic and sacred ceremonies, and we thank you for a moving welcome to Fiji and to the South Pacific.

The United States is proud to count Fiji among its good friends. Your country has a long list of truly impressive accomplishments—you are a practicing democracy, a successful multiracial society, and a responsible member of the international community. You have done your share and more as a peace-keeper in a troubled world.

As President Reagan told Prime Minister [Kamisesse] Mara when they met at the White House in November, the American people are deeply appreciative of Fiji's long and faithful contribution to peace in the world. More than 40 years ago, Fiji troops and American soldiers fought side-by-side to help bring peace and stability to a world at war. Today, in Sinai, as they did in the Solomon Islands four decades ago, brave men from Fiji and the United States of America stand shoulder to shoulder in the cause of peace. I salute your fine soldiers, many of whom have paid a heavy price while safeguarding world peace in faraway countries.

We are particularly grateful for your deep sense of responsibility regarding regional security. Your decision to restore access to U.S. naval vessels to your ports was both bold and wise, and

peace in the Pacific is more secure because of it. I applaud your statesmanship.

It is my belief and my hope that in the months and years to come, the ties between Fiji and the United States and indeed between all of the island countries and the United States, will grow closer and stronger. America is part of a community of nations linked by the Pacific. We share with you a set of mutual values, perceptions and interests, and a strong determination to keep the Pacific free from international tensions and rivalries. We want our relations with all the island states to develop as a partnership for achieving common goals and resolving common problems.

Let me close by offering my congratulations and best wishes as you prepare to celebrate the 15th anniversary of your independence.

NEWS CONFERENCE, NADI, FIJI, JULY 16, 1985¹²

I appreciate very much the deep welcome that Mrs. Shultz and I and our party have received here in Fiji. But of course, it is always a fine experience to meet with the Prime Minister, as I have on several occasions now—a person of great dignity and wisdom and a real leader. So I always look forward to any opportunity to exchange views with him. I hope that it will be possible for him to pass through Washington later this year and be present at the official opening of the Fiji Embassy, at which time I hope that we will have the agreements on landing rights, AID [Agency for International Development] agreement ready for signing so that it can be an occasion of genuine substance. Certainly the bilateral relationship that we have with Fiji has been, as he noted in his statement today, an expanding and important one. We find it most productive to work with Fiji on problems of the Pacific.

Q. Is the United States cultivating Fiji as its main point of influence in the Pacific Islands?

A. Fiji is certainly an important influence and takes its positions in the forum as others do and we have great respect for Fiji but as we do the other islands.

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Q. Is America looking toward Fiji to play the role previously played by New Zealand under the ANZUS pact?

A. We certainly welcome very much the fact that Fiji makes its ports accessible to the United States and does that in conjunction with our worldwide policy and we welcome that. It's something that is important to us. I don't see it in terms of substituting one thing for another, but rather part of a friendly and productive situation in this part of the world, reflecting the fact that the Prime Minister as others recognize the importance of our joint efforts toward deterrence in maintaining peace and stability and the support of our values, our democratic values, throughout the world.

Q. At the Kuala Lumpur ASEAN meeting, ASEAN countries thought the United States had a very poor performance toward the Pacific nations. What do you think of this?

A. I agree that we should be very sensitive to the problems and opportunities here in the two-way interests that we have. I say that very personally because as the Prime Minister kindly noted, I spent quite a lot of time out in this part of the world during World War II, so I am very sensitive to this. It was interesting to me that the importance of the Pacific Islands was raised by ASEAN countries at our meeting in Kuala Lumpur and, of course, it is always on the agenda at ANZUS meetings or in our meeting with Australia.

Q. Is there any possibility of Fiji's sugar quota being increased to the United States?

A. I wish that I could answer that in the affirmative, but I don't think that it looks very possible. Actually, the situation is one on which sugar production is increasing and it comes about, and the problem on the world market comes about largely because of the European subsidy program which is producing sugar from Europe that didn't used to come from there. I think also we see the emergence of substitutes for sugar that are affecting the market so our import quota arrangement, if anything, will tighten. So I wish that I could give you an affirmative answer, but in all good conscience, I'm afraid I can't.

Q. What is the progress on the American AID program to Fiji? When will it start and what form will it take and how much will it be worth?

A. We have in the fiscal 1986 budgets which, if all is approved, would start the first of October this year, \$1 million of economic support funds and \$500,000 of development aid, and we are working on the agreement under which these funds would flow. That is one of the things that I was referring to that I hope we can complete so that bilateral assistance program could take effect in addition to what takes place in the multilateral way. I might note that the Peace Corps effort here—which again the Prime Minister was generous enough to comment on in his remarks—I think entails a budget of around \$2 million. I am not absolutely sure of that figure. Is that about right? So, that's sort of the general order of magnitude involved.

Q. There seems to be an impression in this part of the world that the United States, Australia, New Zealand think this stable region may somehow quite soon possibly become unstable. Why is that so, sir? Is it because of the Russians' efforts to sign fisheries treaties with some of the smaller countries in this part of the world?

A. I wasn't aware of any view that it was becoming unstable. So since I don't have that opinion, I don't have to explain why.

Q. What is the progress of American talks on our fishing boats?

A. There was a meeting I think in June in Wellington on that, and we would like to see the pace of these negotiations pick up and get that agreement completed as promptly as possible. It has been dragging along and we would like to see it completed. Actually, the Prime Minister and I, just now, were discussing this, and we both feel that the sooner that can be completed, the better. I can't give you a forecast because any time there is a negotiation, well—you don't know that it is completed until it actually is, but we intend to work hard on it and try to get it done.

Q. Is there any chance of lifting a ban on the Yaqona imports (the Fiji national drink) to North America?

A. I am not on top of that question and I don't know the answer. Maybe there is somebody here—Ambassador [Fiji Ambassador to the U.S. Ratu Jone Filipe Radrodro], do you know the—you're shaking your head like the answer is yes.

Ambassador Radrodro. Yes, we understand that there is prohibition on importing Yaqona to the United States because of the Food and Drug Administration regulations. We are working to try to change those because we can see that there would be a market for the product in the United States.

Secretary Shultz. When you say we are working, what does that mean? Are you working hard or are you working productively or—I am asking your question for you. I like to get on the other side of these microphones once in a while.

Ambassador Radrodro. We are always working hard. We have sent some samples back to the Food and Drug Administration. We are in communication with them about it and it's a very lively problem because there is a real market. Many people from the South Pacific now reside in the United States. We believe there could be a good market. So we are working hard.

Secretary Shultz. Why don't you try to get it done in the next month.

¹ Press release 151.

² Press release 152.

³ Made at the economic support fund presentation ceremony in the Government House. Press release 150 of July 9, 1985.

⁴ Hosted by Thailand's acting Foreign Minister Praphas Limpabandhu. Press release 154 of July 10.

⁵ Press release 153 of July 10.

⁶ Press release 156 of July 25.

⁷ Press release 157 of July 12.

⁸ Six-Plus-Six meeting participants included the six ASEAN members (Indonesia, Malaysia, Philippines, Singapore, Thailand, and Brunei) and their six dialogue partners (Australia, Canada, European Economic Community, Japan, New Zealand, and the United States). Press release 159 of July 15.

⁹ Press release 160.

¹⁰ Press release 162.

¹¹ Press release 177.

¹² Press release 183 of July 23. ■

On Alliance Responsibility

Secretary Shultz's address before the East-West Center and the Pacific and Asian Affairs Council in Honolulu on July 17, 1985.¹

On February 4 of this year, New Zealand rejected an American request for a visit by the *U.S.S. Buchanan*, a conventionally powered destroyer that was to participate in an ANZUS [Australia, New Zealand, United States security treaty] naval exercise. The Government of New Zealand rejected the request because the United States would neither confirm nor deny the presence of nuclear weapons aboard the ship.

New Zealand's decision followed months of quiet consultations between our two countries, in which we explored an amicable solution. We pointed out that port access for our ships in accordance with our worldwide policy of neither confirming nor denying the presence of nuclear weapons aboard ships was an essential element of the ANZUS security relationship. The implication of New Zealand's decision was that no American ship that could not be identified as unambiguously non-nuclear-armed could ever call in that nation again. Without access to ports, we could not fulfill our treaty obligations either in peacetime or in a crisis.

Our policy of neither confirming nor denying the presence of nuclear weapons aboard our naval vessels is essential: it prevents adversaries from identifying our most capable ships, thereby enhancing targeting difficulties and reinforcing deterrence.

We did not challenge New Zealand's right to choose its own policy. Indeed, several allied, friendly, and neutral countries have special policies regarding nuclear weapons but, nevertheless, permit ship visits. No other ally, however, refuses to permit port visits on the basis of our "neither confirm nor deny" policy as New Zealand has. And if New Zealand's objective was to enhance Pacific security and reduce the nuclear danger, it has acted against its own interests: by adding a new element of risk and uncertainty, New Zealand has weakened regional stability, one of the most important links in the efforts to prevent nuclear war. And the erosion of Western unity only weakens the Western position and the chances for success in arms control.

When New Zealand decided to reject the *Buchanan*, it also decided, in effect, that the basic operational elements of the ANZUS treaty would not apply to it. In a sense, New Zealand walked off the job—the job of working with each other to defend our common security. This made inevitable the cancellation or restructuring of a number of military exercises and exchanges with New Zealand, including the naval exercise in which the *Buchanan* was to have participated.

We have left the door open, however. The President said on February 7: "It's our deepest hope that New Zealand will restore the traditional cooperation that has existed between our two countries. Allies must work together as partners to meet their shared responsibilities." We have not sought, nor do we seek, to punish New Zealand. New Zealand remains a friend. We hope that our current differences will eventually be overcome and that further actions which exacerbate our differences can be avoided.

Our differences with New Zealand are specific and immediate; yet they raise the most basic questions about alliances and about alliance responsibilities in the modern world: What is the purpose of our alliances? What qualities are unique to an alliance of democracies? How do we manage our alliances in a new era in furtherance of our common purpose?

The Goal of Our Alliances

After the end of the Second World War, the Western democracies that had united, together with the Soviet Union, to defeat Hitler soon found themselves faced with another threat to peace and freedom. The Soviet Union took advantage of the temporary weakness of nations struggling to recover from the war; it sought to expand its power and control in Europe and in Asia. The West responded by uniting in common defense of its values and of world peace. In 1949, the United States, Canada, and the nations of Western Europe signed the North Atlantic Treaty. A year later, after the communist invasion of South Korea, this web of alliances was extended to East Asia and the Pacific, where the United States entered into alliances with Japan, Australia and New Zealand, the Philippines, and, later, Korea and Thailand. And in recent years we have strengthened our strategic cooperation with Israel.

The goal of our alliances 35 years ago was to deter aggression against the alliance partners and preserve the peace, particularly against threats from the Soviet Union and its proxies. Soviet power and its expansionist aims were then clear to all. Today they should be even clearer, in light of the massive Soviet military buildup of the past two decades, the Soviet invasion of Afghanistan, and efforts to extend the reach of Soviet power in Africa, Asia, and Central America. The purpose of our alliances, therefore, remains the same today: to deter aggression and to preserve peace by making it clear, beyond a shadow of a doubt, that allied nations will resist, repel, and punish the aggressor.

And something else that was true 35 years ago is also true today: it is not enough for allies to agree that when war starts they will come to each other's aid. Words and agreements alone will not deter war. Allies must work together to ensure that we have the capability to fight and win such a war—and that our adversaries know it. That is the real deterrent.

The Unique Qualities of Democratic Alliances

If the goal of our alliances is clear, we cannot achieve that goal unless we understand, equally clearly, the special characteristics of an alliance of democracies.

For our postwar alliance system is unique. Throughout history there have been many alliances; but never before has there been so enduring a partnership between so many nations committed to democracy. Today, our key alliances are democratic alliances; they are not agreements between rulers or governing elites but between peoples. The commitments made abroad must be approved and supported by our peoples through their elected representatives.

This unique quality is a continuing source of strength. Bonds among peoples who share fundamental values can survive periodic changes of leadership where other kinds of alliances might have collapsed. The democracies are united not only by strategic interest but also by moral bonds, which add a special intimacy and completeness to our cooperation. As Portugal's President Eanes recently said of his own nation's participation in the defense of the values and fundamental principles of the NATO alliance: "Dignified by its reunion with democratic countries, Portugal now shares, with no hesitation, the historical

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ideals and essential objectives of the Treaty of Washington."

Yet alliances among peoples, as opposed to rulers, also present special problems and place greater demands on all partners.

Detering aggression is never an easy task. But for democracies, there is a special difficulty. A democracy at peace would much rather focus on the more immediate and tangible social benefits to its people than on the potential danger that exists beyond the horizon. Indeed, we sometimes take for granted that security itself is a vital part of our public welfare. The painful lessons of this century have, unfortunately, not quite rid us of the temptation to avoid burdensome precautions.

A democracy at peace, therefore, finds it hard to prepare for war in order to deter war. But it is a delusion to think that sacrifices can be safely deferred and that others will pick up the slack. The reality is that the collective deterrence of allies provides the umbrella of security under which nations can advance the well-being of their people.

When even one partner shirks its responsibilities, the health and unity of the entire alliance are placed in jeopardy. All the allies face the same kind of domestic problems; all would prefer to use their resources in other ways that offer more immediate and tangible benefits to their peoples; and all would rather avoid the political complications that may be brought on by fulfilling alliance commitments. If one partner is unwilling to make these sacrifices, others will wonder why they should carry their share of the burden. The result may be the gradual erosion of popular commitment to the common cause.

Shared Responsibilities

What, then, specifically, are the "shared responsibilities" of which President Reagan spoke?

The first and most basic responsibility is that each of us has a share in maintaining the overall deterrent strength of the alliance. For the United States, that means restoring our own strength, in both conventional and nuclear arms. It means helping our allies, as best we can, to maintain their strength, both economically and militarily. It means consulting and planning so that collective efforts are directed effectively toward common goals. Finally, and most importantly, it means making clear, through both words and actions, that we are

resolutely committed to the defense of our allies, that we have the will to act in the defense of our common ideals and our security.

Our allies, of course, have an equally grave responsibility to help maintain the deterrent strength of the alliance. They must make the necessary effort to ensure their own security—and particularly in the area of conventional defense. Joint military exercises and intelligence cooperation are also essential. They need not possess their own nuclear deterrent; but if they undermine ours, as New Zealand has, they weaken their own national security. Commitments cannot be met selectively by one nation without eroding the security of all and undermining popular support for the alliance.

In the modern world, keeping the peace and preventing nuclear war involves more than maintaining an adequate deterrent, however. We also share a responsibility to seek a more constructive relationship with our adversaries. Our allies have every right to expect the United States to manage relations with the Soviet Union responsibly. As nuclear superpowers, the United States and the Soviet Union share a special responsibility to seek to reduce the danger of nuclear war. Our allies can expect us to make reasonable proposals and to explore every promising avenue at the bargaining table in pursuit of arms reduction. We will do so, in our own interest as well as in the interest of the free world. We consult with our allies at every stage of the negotiating process, and together with our allies we seek to put forward the most flexible positions consistent with alliance security.

Our allies also have a responsibility in this regard. A principal Soviet aim throughout the postwar period has been to divide the alliance. Instead of pursuing arms negotiations seriously in the quest for an equal and stable strategic balance, the Soviets have often tried to develop and exploit differences among the allies, leaving us to negotiate among ourselves while they sit back and wait for unilateral concessions that they need not reciprocate.

Our unity is essential to the success of East-West negotiations. The Soviets must understand that their efforts to divide the alliance will not work. The Atlantic allies made this point loudly and clearly when we went ahead with the alliance INF [intermediate-range nuclear forces] decision in the face of the biggest Soviet propaganda campaign ever. We must continue to be firm. The Soviets must see that only through negotiations can they achieve limits on our forces, and only if they are prepared to make concessions to match our own.

The value of unity is also relevant to the current discussion of the Strategic Defense Initiative, or SDI. President Reagan bears a responsibility to do all he can to protect the world from the nuclear danger. That is why he is pursuing research into strategic defenses, which, if they prove feasible, can diminish the threat of a first strike and hasten the day when nuclear arsenals can be reduced.

Soviet propaganda on SDI is both cynical and hypocritical. The Soviets are heavily involved in strategic defense and have been for years. Over the last two decades, they have spent roughly as much on strategic defense as on their massive offensive nuclear forces. They have deployed around Moscow the world's only operational antiballistic missile system. Their large phased-array radar near Krasnoyarsk in Siberia is a violation of the ABM Treaty. Since the 1960s the Soviets have pursued research in advanced technologies for strategic weapons, including high-energy lasers, particle-beam weapons, radio frequency weapons, and kinetic energy weapons. These are the same types of technologies that the United States is now looking into in our SDI program. Not surprisingly, the Soviets proposed to stop our research while continuing theirs.

We should not be led astray by such self-serving propaganda. Last month's NATO ministerial in Lisbon showed solid support for the U.S. position in Geneva. If we want Geneva to succeed, we must continue to ensure that the Soviets are given no reason to hope that they can divide us over SDI.

Mutual Confidence and Broader Cooperation

The shared responsibilities in a democratic alliance are broader and deeper than deterrence of a military threat. Such a partnership depends on a bond of mutual confidence and mutual support across the broad range of our relations.

Many challenges to common interests, after all, lie outside the purview of formal treaties. Yet cooperation in meeting these challenges is important not only to protect the interests of individual allies but also to bolster the mutual confidence that underpins the entire alliance system. We cannot allow the enemies of our way of life to attack each ally one by one in the hope that we will be divided and thus incapable of a coordinated response.

That is precisely one of the hopes of the international terrorist network. In Western Europe, terrorists and their sponsors have tried to weaken the fabric

of the NATO alliance by sowing fear and wreaking destruction on the peoples of the NATO countries. In the Middle East, terrorists and their sponsors count on disunity to prevent effective sanctions against those who harbor terrorism. In the recent hijacking of TWA Flight #847, the terrorists hoped to cause strains in the close and enduring friendship between the United States and Israel. In Asia, when North Korean terrorists bombed and murdered South Korean Government officials in Rangoon, they sought, among other things, to weaken South Korea's ties to its treaty ally, the United States.

These murderous efforts to divide us, to sow confusion and fear among our peoples, have not succeeded and will not succeed. But we must do more than just hold the line. We must fight back. We must realize that we are under a continuing attack. We must cooperate to deter and dramatically raise the costs to both the terrorists and those who support them and offer safe haven to them.

Our alliance treaties state that an attack on one ally is an attack on all. When these treaties were signed, we were preparing to defend ourselves against traditional kinds of threats. Let there be no mistake: the threat posed by terrorism is no less real, no less a form of warfare, no less a direct attack on the interests of the democratic alliance. No nation can take refuge in silence or inaction. No nation can afford to define its interests so narrowly as to imagine it is not affected. No nation will be spared.

And terrorism is only one issue where cooperation outside the formal alliance is essential. The fight against international narcotics smuggling—which is clearly linked to terrorism—also requires cooperation. We in the Western Hemisphere see all too well the efforts of Cuba and Nicaragua in the narcotics field. None of us can ignore this problem. To one degree or another, all of us are weakened by the plague of narcotics. At both the Bonn summit and at ASEAN [Association of South East Asian Nations], we and our partners issued statements affirming our heightened determination to cooperate in the fight against narcotics trafficking and the terrorists who so often profit by it.

The same imperative of cooperation applies to economic issues. Economic matters are often the source of the most contentious disagreements among allies. Domestic concerns weigh heavily on many economic decisions, as well they should. Yet protectionism, for example, is destructive for all of us. We cannot afford to let economic disagreements

undermine the political unity that ensures our common security—the security that underpins our common prosperity. Our divisions can only becloud our common future, and bring comfort only to our adversaries.

On regional issues, as well, we owe it to each other to be supportive when an ally's vital interests are threatened, even when treaty obligations are not involved. Thailand, for instance, today faces the threat of Vietnamese aggression in Cambodia. We provide direct aid to Thailand to help the Thai people defend their security interests. But beyond that, we must also be sensitive to Thailand's concerns and its understanding of the best way to deal with the Cambodian situation and the problems of Vietnamese aggression. Similarly, we owe the Republic of Korea support and understanding in its efforts to engage North Korea in a direct and responsible dialogue.

A few years ago, in the South Atlantic, the United States confronted a dilemma: both Argentina and Britain are friends. American interests, narrowly conceived, might have called for taking a neutral position. Our NATO obligations do not require us to support our European allies outside the North Atlantic region. Nevertheless, we supported the principle that such disputes should not be settled by force. We were right to do so, and we were right to help our NATO partner, Britain, uphold that principle.

We feel that similarly important interests of ours are at stake today in Central America. The Nicaraguan communists, with Cuban and Soviet support, are trying to consolidate a totalitarian state on the Central American mainland. They have tried to undermine their neighbors by supporting communist guerrillas and terrorists. We do not ask our allies to help us actively resist communist aggression in our hemisphere. But we have every reason to expect that they will not undermine our own efforts in a region so vital to us. Allies are free to differ on many political issues. But comity and the preservation of mutual confidence call for understanding of the concerns of those most affected.

The Spirit of Alliance Unity

Before we entered the war against Hitler, Franklin Roosevelt explained the lend-lease program by a simple analogy. When you see a neighbor's house on fire, he said, you lend him your garden hose. You don't ask him to pay you back. You know he'll do it when he can. That is the spirit of mutual support that must guide us.

So far, we and all our allies have done an outstanding job. Our alliances are working. They have confounded the skeptics and those who, at every stage, complained of disarray. For 35 years, our global alliance system has kept the peace and preserved our freedom in Europe and in most of Asia. For 35 years, nations and peoples with diverse cultures and histories, with different needs and national aspirations—and sometimes with differing views of the proper tactics for managing the many international challenges—have, nevertheless, remained committed to partnership in defense of what we hold dear.

We have preserved the deterrent strength upon which both our security and our freedoms depend. We have worked to reduce nuclear arsenals and enhance our conventional deterrent even while realizing that, for the moment, at least, the nuclear deterrent is essential for the security of all of us in the Atlantic and Pacific.

Of course, we face problems. How could free and sovereign peoples not occasionally disagree? But those who would have the United States withdraw from its commitments take a dangerously short-sighted view of our interests. A world in which the United States had withdrawn from its worldwide alliances, or from any part of the alliance structure, would be a grim world indeed. The arguments for isolationism or unilateralism should have been dashed long, long ago. The global equilibrium would be that much more precarious. Nor is it a serious option for our allies: the aggression we see in many parts of the world has shown that there is no defense in isolation. For any of us, to retreat from this collective security system—in a world of new dangers—would be foolish.

Those who would have us ignore or paper over allied disagreements, however, are equally short-sighted. Alliances such as ours must be carefully tended if they are to flourish. All sides must be conscious of the price that is paid when solidarity is weakened. Governments must lead and educate their peoples. All sides must take care to prevent the erosion of the spirit of unity among their peoples—the unity that is the essential foundation of our common freedom.

As President Reagan said at the United Nations last September: "Every alliance involves burdens and obligations, but these are far less than the risks and sacrifices that would result if the peace-loving nations were divided and neglectful of their common security."

American support for alliances, therefore, is not part of some sentimental attachment to the past, nor a mindless devotion to continuity. We support our alliances, first of all, because they work. Experience shows that we can overcome our differences if we make a real effort to do so. And we support

our alliances, most of all, because of the values and ideals they are meant to defend. May America and America's allies always remain faithful to the global cause of freedom and democracy, security, and peace.

¹Press release 171 of July 18, 1985. ■

Question-and-Answer Session Following Address in Honolulu

Secretary Shultz held a question-and-answer session with the audience at the conclusion of his address before the East-West Center and the Pacific and Asian Affairs Council in Honolulu, Hawaii, on July 17, 1985.¹

Q. One of the first questions we have deals with the question of terrorism. And, essentially, how can the U.S. effectively combat terrorism by preemptive strikes or retaliatory activities without at the same time increasing the danger to Americans, especially those Americans abroad in other countries?

A. I suppose it's a question of what jeopardizes people the most: lack of action or action. Lack of action means that terrorists never pay a price for what they do, so that gives them the message that it's all free to do anything you want; nothing ever will happen to you.

If we raise the costs, that must make them think twice. But don't misunderstand me. Your government is not about to engage in any sort of gross activity that has the chance of major harm to innocent individuals. However, I believe, as time unfolds, we will see there are things that can be done. In fact, we have been doing some things and we have seen some successes.

Let me just outline very briefly for you the nature of our policies to combat terrorism.

First. It is important that our publics in a democracy understand this problem, its seriousness, its international dimensions, and the importance of dealing with it firmly and, among other things, seeing to it that terrorists don't succeed in their objective. I think a lot of headway has been made in peoples' consciousness of the problem and understanding of it. Unfortunately, through participation or vicarious par-

ticipation in the events of terrorism. This goes not only for the United States but, of course, all around the world.

Second. We have to have very good intelligence; as good intelligence as we can get about this phenomenon. We've made a lot of headway ourselves in the United States. Obviously, it's important that our friends and allies also have as good intelligence as they can get and that there be a linkage between our intelligence communities so that we have the capacity to share things that we know, particularly on a real-time action basis when we know about something that might happen.

It is perhaps interesting for you to know that over the past 9 months, as a result of our intelligence efforts, there have been something over 60 terrorist-planned actions exposed, stopped, or, in one way, dealt with before they took place all around the world. Some of them have become known publicly; others, not.

The point I'm making is that we do know a lot and we have had some success. It's not an impossible task. I might say that those who are engaged in terrorism would perhaps be surprised if they knew how much we know already about them and their activities.

Third. We need to do all of the things that we sensibly can to guard against and make difficult terrorists acts against our airplanes, airports, installations, or whatever, around the world. To that extent, we have a major—and it will be costly—effort to improve the security of our embassy buildings, for example.

To that extent, we have had for some period of time, in the United States and around the world, airport security measures. And I remember that people—when these first came into effect, I was in the government at that time back around 1970, or so. In fact, I was Director of the Budget and I used

to look at the costs of this kind of thing with great concern. But, nevertheless, all of the airport security business that's put in has been most helpful. And by this time, rather than object to it, most people feel uncomfortable—very uncomfortable—if they find themselves in an airport where everybody is not being scrutinized. So security helps.

I might say that in the past two decades, in the operation of these systems, in the United States alone we have picked up some 35,000 pistols or explosive charges of some kind or another and made 13,000 arrests. The point again is, not that these systems are perfect but that they have accomplished a lot. So that's a second category of things, and it applies to your own conduct. If you're in an area where there is insecurity, you might just be a little more careful.

And, of course, the **fourth** thing, then, is to be prepared, where it is appropriate, where we can do it effectively, to deter by raising the costs or to preempt when we know about something that is to happen, and we have done that successfully, as I said, on a number of occasions.

Somehow the idea of preemption sometimes bothers people but it's easy enough to win, I think, the argument on principle. If there is a truck coming down the road that's loaded with explosives and you know where it's headed, would anyone here argue with stopping it? That is, preempting it, not waiting until it hits its target and blows up? I don't think there's a person in the world that would say no. So preemption, in principle, is something that just makes complete sense. And, of course, then the problems are to know what you're doing and to have intelligence and to be able to preempt, insofar as you can, in a manner that doesn't hurt innocent people.

I do think we have to say that a person who harbors a terrorist is not an innocent person even though that person has not directly perpetrated a terrorist act.

Well, I gave you more of an answer than you asked for. But, anyway, it's an important subject and I wanted to give you a notion of the full flavor of the President's thinking on this.

Q. Perhaps I should have included this in the first one. But several questioners have referred to the introspection that is now taking place within the media, with respect to the media's role in coverage of the hostage crises.

And the questions sum up to, what are your thoughts and conclusions with respect to how the media has handled, at least, the most recent hostage events?

A. First of all, you have to say that it was an extraordinary feat of technical capability; and the media have an ability to be anywhere anytime and find out stuff, and so on. So you have to take your hat off to them for their capability.

It is also the case that there were some occasions where somebody from the media was able to go some place that we were not able to go and provide us information that was useful.

Having said that, let me go on to some other aspects of that performance. [Laughter] There are a number of instances where information was revealed that we had hoped not to have known, or the excessive speculation led people to think things that might not have been so, that definitely hurt our ability to cope effectively with that crisis.

I think it is also true that the ability of terrorists to capture television and to get themselves constant attention, to whatever it is that they want to get across, is a way of rewarding them. If they are denied access to publicity, they are denied, in part, of what they want to achieve, and certainly we don't want them to achieve their objectives.

So the fact that anybody who will waive a pistol, or something, can get a camera focused right away is a problem. And then I think there were some aspects of the coverage that were simply maudlin and not particularly complimentary to anybody.

Now, I say all of that in the total conviction myself that we are far, far better off with a completely free press than any other way. And one of the things I have noticed is that there are quite a few articles in both the writing and television press examining this performance and, of course, defending their right to do everything that they have done, but also questioning whether or not some restraint might have been useful in the occasion. So I welcome that self-examination, but I think there are some real problems presented by the wide openness of all this. But, as I said, I'd much rather take that than going in the other direction and trying in some manner to restrict the press which only leads you in the wrong direction.

Q. Switching to international trade issues. The United States seems to place primary blame on Japan for trade deficits. In fact, the United States has very large trade deficits with Canada, the European Economic Community and South America.

Isn't the emphasis placed on the U.S.-Japan trade deficit situation a little bit unfair?

A. No, it isn't. [Laughter/Applause]

If you express our deficit with Japan, as a proportion of the two-way trade between the two countries, that proportion comes to 45% in 1984. That's about three times the proportion of most other major countries; way above Canada. So that shows that we have some special problems with Japan that are different.

They are partly questions involving market opening, which we have been working on, but they are also questions involving Japan's internal tremendous imbalance between what it saves and what it invests, including what it invests in defense. And that imbalance leads it chronically to need an excess of exports over imports in order to maintain high employment. So Japan has an internal problem, or internal set of arrangements that generate these huge surpluses.

I think, given the fact that many countries around the world have heavy restrictions on exports from Japan, they tend to flow heavily into the largest, most open market in the world; namely, ours. And they are generating political reactions that I hope will not but which threaten to lead us into protectionist legislation, which is very much against the interests of Japan.

Now, having said that, let me also say that the recent big surge in our trade imbalance cannot be attributed to Japan. And if you take the swing—if you start in 1982 and compare with 1984 and say, by how much has our imbalance changed—and take Japan, take the European Community, take Canada, take ASEAN [Association of South East Asian Nations]—and express that as a percentage of the two-way trade, you see that Japan is very much in line with others.

What that tells you is that there is a broader problem than just the rules of the trading game involved here. I think that problem involves, in part, the sucking-in process to our market of the unprecedented expansion that we had in the last couple of years, but also the fact that money has been pouring into the United States at an unprecedented clip.

Around \$100 million on net last year, and that fact means that the value of the dollar, as evaluated by the market, is much higher than it would be if you had, let's say, neutral financial flows and essentially the value of the dollar was being governed on the basis of trade relations.

So the very high value of the dollar has priced U.S. goods, in many cases, out of third markets and also out of our own market, and it's a problem. Now we are seeing some, I think, beneficial things going on now.

We have seen our interest rates fall drastically since the President was first inaugurated. They bear no resemblance at all to those days. But as the financial markets become convinced that inflation is really being held under control, our interest rates have been coming down. And by this time short-term rates, like 3-month Treasury bills, are selling below 7% and long-term rates have come down by 200-300 basis points over the last 4-6 months. So we've seen a decline in interest rates. Perhaps that will have some effect on financial flows, and we have seen, in recent weeks, an impact on the dollar, and there has been a rising of other currencies with respect to the dollar that probably is healthy.

¹Press release 172 of July 19, 1985. The questions were presented by Mr. Gerald A. Sumida, president of the Board of Governors, Pacific and Asian Affairs Council. ■

Protecting U.S. Personnel and Property Overseas

Secretary Shultz's statement before the House Foreign Affairs Committee on July 24, 1985.¹

First, let me express my personal appreciation to you [Acting Chairman Dan Mica] personally for your work on the Inman panel. You contributed very strongly to it as an individual, and we appreciate that.

Second, I'd like to express my agreement with you that what we need is a sustained effort, and the idea of periodic attention as a crisis comes along is not going to get us where we want to get. It's for that reason, of course, that I went ahead and appointed the Inman panel in the first place, and it's for that reason that for, I guess, almost a year now I've been holding daily security meetings in the State Department. And it's for that reason that we have beefed up our effort here for quite some time, and we have a long way to go. But you're absolutely right, I think, in saying that we have to get on a path of sustained effort that we're going to continue through with—that is, organizationally, in terms of our building program, in terms of our concepts of how to go about it, and so on.

I'm pleased to have this opportunity to discuss with you the report of the Advisory Panel on Overseas Security—the Inman panel. Over the past few years the attention of the world has been riveted to terrorist dramas unfolding around the globe. This is a new and chilling phenomenon, one with which civilized nations and civilized peoples are inadequately equipped to deal. This can and must change. These acts of violence are the trademark of sick minds who choose the innocent and unarmed as victims. We must do everything we can to thwart those who seek to advance their ends through terror.

In many respects, we in the State Department are in the front lines of this new and deadly struggle. Our friends and colleagues have been victims of this violence. The challenge of terrorism has strengthened our determination.

We have a responsibility to spare no effort to ensure the safety of our diplomats and our facilities. Ultimately, we must also generate the broad international cooperation necessary to fight this terrorist menace.

It was with this in mind that I formed the Advisory Panel on Overseas Security. I asked the panel to take a hard look at our security and counterterrorism programs. I wanted ideas, and I wanted recommendations.

I am extremely pleased with the panel's report. The hard work and dedication of the panel is clearly reflected in the quality of its report. The panel exhaustively researched all aspects of our security and counterterrorism programs. Its recommendations have vision and, perhaps more importantly, they're practical. They are recommendations which, with your support, are achievable.

Before I continue, I would like to express my gratitude to the chairman of the panel—Admiral Bobby Inman—and the other panel members: Congressman Dan Mica, our chairman; Senator Warren Rudman; former Ambassadors Larry Eagleburger and Anne Armstrong; Lieutenant General D'Wayne Gray of the Marine Corps; and Bob McGuire, the former New York City Police Commissioner. We are very fortunate to assemble such a distinguished panel of experts willing to donate their time and efforts to this urgent project.

The panel made more than 90 recommendations; I think that our actual number is 91 in its final report. I have addressed them in some detail in the formal statement, and I'll not discuss them individually with you now. Instead, I would like to discuss the panel's major conclusions and how we propose to implement them.

Specifically, I want to discuss the panel's recommendations to increase the effectiveness and visibility of the Department's counterterrorism efforts; to create a new, highly professional Diplomatic Security Service in the Department; and to start a security construction program at 126 posts around the world. The recommendations carry with them large price tags. We do not propose them lightly.

The Inman panel recommended that the Office for Counter-Terrorism [and Emergency Planning] should be split. Under this plan, the diplomatic responsibilities of the Office for Counter-Terrorism would be incorporated into the Office of the Under Secretary for Political Affairs, and the operational functions would be moved to the new Bureau of Diplomatic Security.

I agree with the thrust of the panel's recommendation—that is, increasing the importance of counterterrorism in the Department. I would modify the panel's suggested solution, however. We should not appear to diminish the importance of our diplomatic efforts by including them as a portion of some other office's portfolio. Our counterterrorism initiatives should be in the front rank of our priorities.

Reorganizing Counterterrorism Responsibilities

The panel recommended that all of the Office for Counter-Terrorism's operational responsibilities—that is, the emergency planning and crisis management exercises—be part and parcel of the new Bureau of Diplomatic Security. The new bureau would be better equipped to coordinate these operational programs. The Office for Counter-Terrorism would then focus exclusively on developing within the international community an offensive against terrorism.

I have to say that my own inclination—and I recognize we want to discuss this here with your Subcommittee [on International Operations] and within the Department—but my own inclination is that the function of the Office for Counter-Terrorism should be upgraded by establishing something like a new position of Ambassador-at-Large for Counterterrorism Policy to assume these responsibilities, as I think we need to show everybody that we think this is of top importance; and, at the same time, to see that the administrative routines, which are of great importance, are securely organized in a manner that connects all of the security things together. I know that was what the panel wanted to do, and I, at the same time, just want to have the counterterrorism policy elevated in a way that we attach a top person and that it maintains its capacity to command top attention.

I suppose I'm influenced a little bit by our experience, or my own in administering the Department, with the way Ambassador Kennedy² has operated on the subject of nuclear nonproliferation. He established an ambassador-at-large office, and he works with all elements in the Department. As you know, he's a person of very high quality and experience, and it's turned out to be very effective. Now, it may not be exactly the right model, but something along that line has a great deal of appeal to me. At any rate, we'll be considering and talking about this as we move along.

Our diplomatic counterterrorism efforts have to be, in a sense, separate from the straight security program, but they have to work in tandem. So a new ambassador-at-large, as I've said, reporting directly to the Secretary of State, would work closely with the Under Secretary for Management, who would have overall supervisory responsibilities for all our policies on security and who, with the Under Secretary for Political Affairs, is deeply involved in our political and diplomatic contacts with other governments.

Actually, the interplay here, with all of our travail with the TWA hostage crisis, worked quite well. That is, we set up in the Department a 24-hour, round-the-clock task force, manned with people with different skills. That went on continuously.

Obviously, as something like that came along, the diplomatic activity took on tremendous importance, and all of us pitched into it. The Under Secretary for Political Affairs played a key role, but there was no problem in an emergency of people finding the right level and way to address these issues, and, at the same time, we increasingly are developing that understructure that can handle the straight administrative elements of the problem.

I've mentioned the panel's recommendation that a new Bureau of Diplomatic Security be established. The principal element of the new bureau would be the Diplomatic Security Service. The service would be a consolidation of the present Office of Security and other security functions currently performed elsewhere in the Department.

We envision the Diplomatic Security Service as a highly professional security organization with the recognition and respect that brings. The panel called for increased professional training, physical fitness standards, and an identifiable career structure within the Foreign Service for the Department's security cadre. We strongly support these recommendations.

Protecting Foreign Diplomats in the U.S.

The panel also pointed out the overlapping responsibilities between the Departments of State and the Treasury concerning the protection of foreign diplomats in the United States. The panel recommended that these responsibilities be consolidated in one agency and suggested the Secret Service as the logical agency. I agree. However, the Treasury has indicated to the panel—and, I must say, to me in repeated

discussions—that it does not want to expand its area of responsibility.

Its argument is that it has a responsibility for protection of the President, and it doesn't wish to add on to that anything that might in any way dilute it. So we have had a back-and-forth on this. It hasn't led to them accepting this full responsibility.

The issue is a serious one. We are obliged by the Vienna conventions to protect foreign diplomats in the United States. Our government must do the job. Although law enforcement is not thought of as a traditional State Department responsibility—that's certainly an understatement—we are, nevertheless, prepared to undertake these duties because they are important to our country. It is clear that this task will require substantial additional funding and increased manpower.

We have to say, frankly, that State has a particular interest in ensuring that we fulfill our responsibility for protecting foreign diplomats well. Many nations see a relationship between the level of protection they provide our officials overseas and the protection we accord their officials here. By providing better protection here, we can help to ensure that we continue to get the same in their countries.

Security Construction Program

One of the most dramatic conclusions of the Inman panel was that nearly half of our diplomatic facilities overseas do not meet our current standards for physical and technical security. The panel reached this conclusion after a thorough analysis of our facilities overseas.

I might say that this doesn't mean people shouldn't jump to the conclusion that what this means is that we just made lots of mistakes in the past. I think what has happened is that the situation has changed. The relative importance of security concerns versus accessibility have had to shift, and we have to give more weight to security, unfortunately, but that's the fact.

The panel recommended that we replace or substantially modify 126 of 262 overseas missions. Many of our overseas missions were built or purchased at a time when security was less of a preoccupation. Many front onto busy streets. Some have extensive glass facades. Often we share office buildings with other organizations and businesses, so we have no control over motion there. And in still other cases, our embassies and consulates share walls with non-U.S. tenants. This is clearly unacceptable.

We estimate that this will be a multibillion-dollar program and will take between 8 and 10 years to complete. The panel recommended that we seek capital budgeting authority to finance this program. The panel made this suggestion because it found the existing budget process cumbersome for a program of this magnitude and urgency.

There may be merit in the capital budgeting proposal. However, I have to say, having once been the Budget Director and once been the Secretary of the Treasury, that this has ramifications that reach throughout the executive branch and are not simply matters involving the State Department and our building program. So I wouldn't want to delay our urgent program awaiting the outcome of a broad, extensive debate about the virtues or not of a capital budgeting program. But if the committee feels this is the way to go, I don't have any objection to it.

But I do think that the security program is essential, fundamental, we have to do it, and I hope that it will get authorized, and then we can develop some method of funding that gives us the ability to undertake this as a long-term program. It falls exactly—the point you were making at the outset, Mr. Chairman—that we have to get on a sustainable path and do this job. Budgeting is very much a part of it, and, in one way or another, we need to get that multiyear point of view.

Accordingly, I will be recommending to the President that a one-time authorization for this program be sought from the Congress, with related appropriations through the regular appropriations process, or others if you think better. It is a big-ticket item, but rebuilding our most vulnerable facilities is the single most effective means of ensuring the safety of our personnel, and I strongly urge your support.

Conclusion

I have outlined many changes that will affect the way we do our business abroad. Because the situation is so serious, we have concluded that we must consider whether or not to close some of our consular posts abroad or reduce the number of U.S. employees overseas. In some cases, it may be that the high costs of providing adequate security will require the development of alternative approaches to carrying out some of our diplomatic and consular responsibilities.

We plan to move quickly to implement this security-enhancement package based on the Inman panel's recommendations. I've asked Bob Lamb, the Assis-

tant Secretary for Administration and Security, to work with Ron Spiers, the Under Secretary for Management, to implement this program without delay. Bob will devote all his attention to it. We plan to have a legislative package ready for the Congress after Labor Day.

We've already begun to implement many of the panel's recommendations. For example, the panel suggested that we establish standards of individual accountability for security and form boards of inquiry to investigate incidents resulting in loss of life or massive destruction. We've already acted on this recommendation using the existing statutory authority held by the Inspector General of the Foreign Service and the Foreign Service Grievance Board.

In addition, as recommended by the Inman panel, we are improving physical and residential security standards,

strengthening our local guard forces, and strengthening counterterrorist training programs for our employees and their dependents.

The reports of the Advisory Panel on Overseas Security represent a major step in improving our ability to protect our personnel, facilities, and information overseas. This program cannot be funded by robbing ongoing activities. It is too big. It is too important. So I'm here today to ask your support and to begin the process of consultation with you on implementing this program.

¹ Press release 184. The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

² Ambassador-at-Large and Special Adviser to the Secretary of State on Non-Proliferation Policy and Nuclear Energy Affairs Richard T. Kennedy. ■

SDI: The Soviet Program

by Paul H. Nitze

Address before the Chautauqua Conference on Soviet-American Relations in Chautauqua, New York, on June 28, 1985. Ambassador Nitze is special adviser to the President and to the Secretary of State on arms control matters.

Soviet commentary on the U.S. Strategic Defense Initiative (SDI) research program has been strongly negative. The Soviets have accused us of expanding the arms race into a new area by initiating "the militarization of space." In Geneva, they have demanded a ban on research, development, testing, and deployment of what they call "space-strike arms" and have conditioned progress in the negotiations on offensive nuclear force reductions on prior U.S. acceptance of this ban.

One might conclude from this Soviet commentary that the Soviet Union has no program comparable to our SDI. Such a conclusion would be far from correct.

Soviet Strategic Defense Efforts

Soviet military doctrine stresses that offensive and defensive forces must interact closely to achieve Soviet aims in any conflict. Accordingly, the Soviets are heavily involved in strategic defense, with programs that go far beyond research. In fact, over the last two decades, the Soviet Union has spent

roughly as much on strategic defense as it has on its massive offensive nuclear forces. As part of this huge effort, the Soviets have deployed around Moscow the world's only operational antiballistic missile (ABM) system, a system they are currently upgrading with a projected completion date of about 1987. They also have an indepth national air defense force, a vast political leadership survival program, and nationwide civil defense forces and programs.

Further, they have been conducting a number of activities that are inconsistent with and tend to undermine the ABM Treaty. For example, their deployment of a large phased-array ballistic missile tracking radar near Krasnoyarsk in Siberia constitutes a violation of the treaty. We are concerned that, in the aggregate, Soviet ABM-related activities could provide them the basis for deployment of an ABM defense of their national territory, which would also violate the treaty.

Soviet strategic defense programs are not restricted to the more traditional approaches. The Soviets have also been pursuing, since the 1960s, research into advanced technologies for strategic defense. These technologies include high-energy lasers, particle-beam weapons, radio frequency weapons, and kinetic energy weapons. These are the same types of technologies being researched in the U.S. SDI program. Moreover, during this same period, the Soviets

have had an active and expanding military space program.

The Soviet version of SDI has been overlooked in the recent public debate. Indeed, taking advantage of the closed nature of Soviet society, Soviet strategic defense efforts have proceeded completely free from debates of the sort that are occurring now in the West over the utility and implications of our program.

Let me address the Soviet version of SDI in some detail. While some of the material I will cover is quite technical, I hope it will give you a better appreciation of the extensive efforts the Soviets have been conducting for years.

Soviet Progress in Advanced Defense Technologies

High-Energy Laser Research. The Soviet Union's high-energy laser program began in the mid-1960s and has been much larger than the U.S. effort. The Soviets have built over a half-dozen major research and development facilities and test ranges, including some at the Sary Shagan missile test center where they also do traditional antiballistic missile work. They have over 10,000 scientists and engineers associated with the development of lasers for weapons.

The Soviets have conducted research on the three types of gas lasers that the United States considers promising for weapons applications: the gas-dynamic laser, the electric discharge laser, and the chemical laser. They have also been working on other types of lasers that the United States had not seriously considered for weapons applications until very recently. These include excimer and free-electron lasers.

The Soviets are also pursuing related laser weapon technologies, such as efficient electrical power sources and high-quality optical components. U.S. experts believe the Soviets are generally capable of supplying the necessary prime power, energy storage, and auxiliary components for most laser and other directed energy weapons. As evidence of this capability, the Soviets have developed a very powerful rocket-driven generator, which has no counterpart in the West. The Soviets may have also achieved the capability to develop the necessary optical systems for laser weapons.

The Soviet program has now progressed beyond technology research, in some cases to the development of prototype laser weapons. For the antisatellite—or ASAT—mission, the Soviets already have ground-based lasers at the

Sary Shagan test site that could be used to interfere with U.S. satellites at low altitudes. Soviet programs have reached the point where they could begin construction of ground-based laser ASAT facilities at operational sites. These facilities could be available by the end of the 1980s and would greatly increase Soviet ASAT capabilities. Moreover, they could test prototype space-based laser ASAT weapons by the early 1990s, and, if their technology developments prove successful, they could deploy operational space-based lasers for ASAT purposes in the mid-1990s.

For the ballistic missile defense—or BMD—mission, the Soviets could have prototypes for ground-based lasers by the late 1980s. Testing of the components for a large-scale operational system could begin in the early 1990s. With high priority and some significant technological risk, the Soviets could skip some testing steps and be ready to deploy a ground-based laser BMD system by the early to mid-1990s. The many difficulties associated with fielding an operational system would normally require much development time, however, and initial operational deployment is not likely in this century. The Soviets can be expected to pursue development of a space-based laser BMD system for possible deployment after the year 2000.

The Soviets have also begun to develop several high-energy laser weapons for air defense. These include lasers intended for air defense of high-value strategic targets in the Soviet Union, for point defense of ships at sea, and for air defense of theater forces. Following past practice, they are likely to deploy air defense lasers to complement, rather than replace, interceptors and surface-to-air missiles, or SAMs. The strategic air defense laser is probably at least in the prototype stage of development and could be operational by the late 1980s. It most likely will be deployed in conjunction with SAMs in a point defense role. The shipborne laser will probably not be operational until the early 1990s. The theater air defense laser may be operational sometime sooner and is likely to be capable of structurally damaging aircraft at close ranges and producing electro-optical and eye damage at greater distances.

Finally, the Soviets are developing an airborne laser. Such a laser could have several missions, including ASAT operations, protection of high-value aircraft, and protection against cruise missiles. Assuming a successful development effort, limited initial deployment could begin in the early 1990s.

Particle-Beam Weapons. Since the early 1970s, the Soviets have had a research program designed to explore the technical feasibility of a particle-beam weapon in space. For the ASAT mission, they may be able to test a prototype space-based particle-beam weapon intended to disrupt satellite electronic equipment in the mid- to late 1990s. One designed to destroy satellites could be tested by the year 2000. Early in the next century, the Soviets could have a prototype space-based BMD system ready for testing.

Radio Frequency Weapons. The Soviets have conducted research for decades on sources of high-power radio frequency—or RF—signals and the antennas that would be required to direct and focus the signals on distant targets. These signals have the potential to interfere with or destroy components of missiles, satellites, and reentry vehicles. In the 1990s, the Soviets could test a ground-based RF weapon capable of damaging satellites. A space-based RF antisatellite weapon will probably not be tested until after the year 2000.

Kinetic Energy Weapons. In the area of kinetic energy weapons, the Soviets have a variety of longstanding research programs underway. These weapons use the high-speed collision of a small mass with the target as the kill mechanism. As early as 1966, the Soviets had an experimental gun that could shoot streams of particles of a heavy metal, such as tungsten, at velocities of over 60 kilometers per second in a vacuum. Current Soviet efforts include research and development of electromagnetic railguns to accelerate projectiles to ultrahigh velocities, as well as other advanced systems. These programs could result in the near term in a short-range space-based system useful for satellite or space station defense or for close-in attack by a maneuvering satellite. Longer range space-based systems could be developed as early as the mid-1990s.

The Soviet Military Space Program

In addition to their huge and comprehensive program of research into advanced strategic defense technologies, the Soviets have the world's most active military space program. This program dominates the Soviet Union's overall space effort. For example, in 1984 the Soviets conducted about 100 space launches. Of these, some 80% were purely military in nature, with much of the remainder serving both military and civil functions. By way of comparison,

the total number of U.S. space launches in 1984 was about 20.

The Soviets believe in the combined arms concept of warfare in which all types of forces are integrated into military operations to achieve the desired goals. Space systems play a major role in this equation. Soviet space systems dedicated to military missions include satellites that perform reconnaissance, missile launch detection and attack warning, command and control, and ASAT functions. Dual-purpose satellites that perform some civilian functions are used for communications, navigational support, and weather prediction and monitoring.

In the reconnaissance area, the United States has no counterpart to the Soviet ocean reconnaissance satellites, the EORSAT [electronic intelligence ocean reconnaissance satellite] and the nuclear-powered RORSAT [radar ocean reconnaissance satellite]. These Soviet satellites have the mission of locating and identifying U.S. and allied naval forces in open ocean areas and targeting them for destruction by Soviet antiship weapons. Four such satellites were launched in 1984.

In the ASAT area, the Soviets have had the capability since 1971 to attack satellites in near-earth orbit with a ground-based orbital interceptor. Again, the United States has no comparable operational capability. Using a radar sensor and a pellet-type warhead, the interceptor can attack a target in orbit at various altitudes during the interceptor's first two revolutions. An intercept during the first orbit would minimize the time available for a target satellite to take evasive action.

The interceptor can reach targets orbiting at altitudes of more than 5,000 kilometers, but it is probably intended for high-priority satellites at lower altitudes. It is launched from the Tyuratam space complex, where launch pads and storage space for interceptors and launch vehicles are available. Several interceptors could be launched each day. In addition to the orbital interceptors, the Soviets could also use their operational ABM interceptors in a direct-ascent attack against low-orbiting satellites.

Should the Soviets decide to deploy in space extremely large payloads, including components of a space-based ballistic missile defense, they would require space boosters capable of placing in orbit thousands of tons per year. The two new boosters they are developing—a medium-lift vehicle comparable to our

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Titan and a heavy-lift vehicle comparable to our Saturn V—will meet this requirement. These boosters should be available as early as the late 1980s.

Finally, the Soviets have ambitious plans for their manned space programs. They plan to replace their current Salyut space stations with large space complexes, which could support 20 or more cosmonauts on a permanent basis. Such a complex would enhance their space-based military support and war-fighting capabilities. Missions could include military research and development, reconnaissance, imagery interpretation, ASAT support operations, and BMD support operations. To ferry cosmonauts to this complex, as well as to place large payloads in orbit, the Soviets are developing their own version of the U.S. shuttle orbiter. They are also experimenting with a test vehicle that is apparently a scale model of a large, manned space plane. This plane's possible missions include reconnaissance, crew transport, and ASAT operations. It also could be used as a manned space station defender.

Soviet Disingenuousness

Considering all of the foregoing, it becomes apparent just how preposterous Soviet criticisms of the U.S. SDI program are. The United States is not expanding the military competition into new areas; the Soviets have been researching the same technologies for two decades. Likewise, the United States is not initiating "the militarization of space"; space has been militarized for many years, primarily by Soviet systems and programs.

This Soviet disingenuousness becomes even more evident when one considers those who are taking advantage of our open society by leading the attack in the Western public arena on the U.S. SDI program. Within a month of President Reagan's 1983 speech that initiated SDI, a letter signed by a large group of Soviet scientists was published in *The New York Times* denouncing the program. A number of the signatories of this letter have, in fact, been instrumental in Soviet programs researching both conventional and advanced ballistic missile defense technologies. Among these are Mr. Y. P. Velikhov, the Deputy Director of the Kurchatov Atomic Energy Institute, who is a central figure in Soviet laser and particle-beam weapon efforts; Mr. N. G. Basov and Mr. A. M. Prokhorov, who are both scientific advisers to laser weapon programs; and Mr. Avduyevskiy, who is responsible for

a number of projects researching the military use of space, including a space-based laser weapon. Other signatories have spent their careers developing strategic offensive weapons and other military systems.

Soviet Motives

Why are the Soviets conducting this propaganda campaign? Clearly, they see the potential applications for advanced defensive technologies; otherwise they would not be investing so much effort and so many resources in this area. It is not unreasonable to conclude that they would like to continue to be the only ones pressing forward in this field. At a minimum, they want to keep the United States from outstripping them in such technologies.

In this vein, the Soviet propaganda line against SDI is as predictable as it is hypocritical. The Soviets hope to foster a situation in which we would unilaterally restrain our research effort, even though it is fully consistent with existing treaties. This would leave them with a virtual monopoly in advanced strategic defense research; they see this as the most desirable outcome.

Such a virtual monopoly could be most dangerous for the West. Both sides have recognized for many years that offense and defense are vitally related to each other, that it is the balance between the offense-defense mixes of the sides that is essential to keeping the peace. Unilateral restraint by the United States in the defense area would jeopardize this balance and could, therefore, potentially undermine our deterrent ability.

If the United States proves unwilling to restrain itself unilaterally, the Soviets are prepared to impose an agreed ban on research "designed to create space-strike arms." At worst, a mutually observed ban would leave them

where they are today, unthreatened by potential U.S. technological advances and maintaining the only operational ABM and ASAT systems. The Soviets are already positioning themselves, however, to avoid having such a ban apply equally to the research of both sides. They currently deny that any of their efforts fall within their definition of research "designed to create space-strike arms," while asserting that all of the U.S. SDI program fits within that definition. Moreover, even were a research ban to be applied equally to the sides, given its inherent unverifiability and the closed nature of the Soviet Union—and particularly its scientific community compared to ours—the Soviets very well might be able unilaterally to continue their research on a clandestine basis.

Conclusion

We can expect the Soviets to continue to protest strongly and publicly about SDI and alleged U.S. designs to "militarize space," all the while denying that they are conducting similar programs. We must recognize this propaganda for what it is—the key element of an overall strategy to divide the United States from its allies and elicit from us unilateral concessions. By making clear to the Soviets that we have the political will to maintain the necessary military capabilities effectively to deter them—that is, that their propaganda campaign will not succeed in causing us to exercise unilateral restraint—we can establish the necessary conditions for the Soviets to consider a more forthcoming approach to the negotiations in Geneva. In that event, the United States will be prepared, as it is now, for a serious discussion of how—should new defensive technologies prove feasible—our two sides could move jointly to a more stable strategic relationship, building upon the research efforts of both. ■

The Strategic Defense Initiative

In his speech of March 23, 1983, President Reagan presented his vision of a future in which nations could live secure in the knowledge that their national security did not rest upon the threat of nuclear retaliation but rather on the ability to defend against potential attacks. The Strategic Defense Initiative (SDI) research program is designed to determine whether and, if so, how advanced defensive technologies could contribute to the realization of this vision.

The Strategic Context

The U.S. SDI research program is wholly compatible with the Anti-Ballistic Missile (ABM) Treaty, is comparable to research permitted by the ABM Treaty which the Soviets have been conducting for many years, and is a prudent hedge against Soviet breakout from ABM Treaty limitations through the deployment of a territorial ballistic missile defense. These important facts deserve

emphasis. However, the basic intent behind the Strategic Defense Initiative is best explained and understood in terms of the strategic environment we face for the balance of this century and into the next.

The Challenges We Face. Our nation and those nations allied with us face a number of challenges to our security. Each of these challenges imposes its own demands and presents its own opportunities. Preserving peace and freedom is, and always will be, our fundamental goal. The essential purpose of our military forces, and our nuclear forces in particular, is to deter aggression and coercion based upon the threat of military aggression. The deterrence provided by U.S. and allied military forces has permitted us to enjoy peace and freedom. However, the nature of the military threat has changed and will continue to change in very fundamental ways in the next decade. Unless we adapt our response, deterrence will become much less stable and our susceptibility to coercion will increase dramatically.

Our Assumptions About Deterrence. For the past 20 years, we have based our assumptions on how deterrence can best be assured on the basic idea that if each side were able to maintain the ability to threaten retaliation against any attack and thereby impose on an aggressor costs that were clearly out of balance with any potential gains, this would suffice to prevent conflict. Our idea of what our forces had to hold at risk to deter aggression has changed over time. Nevertheless, our basic reliance on nuclear retaliation provided by offensive nuclear forces, as the essential means of deterring aggression, has not changed over this period.

This basic idea—that if each side maintained roughly equal forces and equal capability to retaliate against attack, stability and deterrence would be maintained—also served as the foundation for the U.S. approach to the strategic arms limitation talks (SALT) process of the 1970s. At the time that process began, the United States concluded that deterrence based on the capability of offensive retaliatory forces was not only sensible but necessary, since we believed at the time that neither side could develop the technology for defensive systems which could effectively deter the other side.

Today, however, the situation is fundamentally different. Scientific developments and several emerging technologies now do offer the possibility of defenses that did not exist and could

hardly have been conceived earlier. The state of the art of defense has now progressed to the point where it is reasonable to investigate whether new technologies can yield options, especially non-nuclear options, which could permit us to turn to defense not only to enhance deterrence but to allow us to move to a more secure and more stable long-term basis for deterrence.

Of equal importance, the Soviet Union has failed to show the type of restraint, in both strategic offensive and defensive forces, that was hoped for when the SALT process began. The trends in the development of Soviet strategic offensive and defensive forces, as well as the growing pattern of Soviet deception and of noncompliance with existing agreements, if permitted to continue unchecked over the long term, will undermine the essential military balance and the mutuality of vulnerability on which deterrence theory has rested.

Soviet Offensive Improvements. The Soviet Union remains the principal threat to our security and that of our allies. As a part of its wide-ranging effort further to increase its military capabilities, the Soviet Union's improvement of its ballistic missile force, providing increased prompt, hard-target kill capability, has increasingly threatened the survivability of forces we have deployed to deter aggression. It has posed an especially immediate challenge to our land-based retaliatory forces and to the leadership structure that commands them. It equally threatens many critical fixed installations in the United States and in allied nations that support the nuclear retaliatory and conventional forces which provide our collective ability to deter conflict and aggression.

Improvement of Soviet Active Defenses. At the same time, the Soviet Union has continued to pursue strategic advantage through the development and improvement of active defenses. These active defenses provide the Soviet Union a steadily increasing capability to counter U.S. retaliatory forces and those of our allies, especially if our forces were to be degraded by a Soviet first strike. Even today, Soviet active defenses are extensive. For example, the Soviet Union possesses the world's only currently deployed antiballistic missile system, deployed to protect Moscow. The Soviet Union is currently improving all elements of this system. It also has the world's only deployed antisatellite (ASAT) capability. It has an extensive air defense network, and it is aggressively improving the quality of its radars, interceptor aircraft, and surface-

to-air missiles. It also has a very extensive network of ballistic missile early warning radars. All of these elements provide them an area of relative advantage in strategic defense today and, with logical evolutionary improvement, could provide the foundation of decisive advantage in the future.

Improvement in Soviet Passive Defenses. The Soviet Union is also spending significant resources on passive defensive measures aimed at improving the survivability of its own forces, military command structure, and national leadership. These efforts range from providing rail and road mobility for its latest generation of ICBMs [intercontinental ballistic missiles] to extensive hardening of various critical installations.

Soviet Research and Development on Advanced Defenses. For over two decades, the Soviet Union has pursued a wide range of strategic defensive efforts, integrating both active and passive elements. The resulting trends have shown steady improvement and expansion of Soviet defensive capability. Furthermore, current patterns of Soviet research and development, including a longstanding and intensive research program in many of the same basic technological areas which our SDI program will address, indicate that these trends will continue apace for the foreseeable future. If unanswered, continued Soviet defensive improvements will further erode the effectiveness of our own existing deterrent, based as it is now almost exclusively on the threat of nuclear retaliation by offensive forces. Therefore, this longstanding Soviet program of defensive improvements, in itself, poses a challenge to deterrence which we must address.

Soviet Noncompliance and Verification. Finally, the problem of Soviet noncompliance with arms control agreements in both the offensive and defensive areas, including the ABM Treaty, is a cause of very serious concern. Soviet activity in constructing either new phased-array radar near Krasnoyarsk, in central Siberia, has very immediate and ominous consequences. When operational, this radar, due to its location, will increase the Soviet Union's capability to deploy a territorial ballistic missile defense. Recognizing that such radars would make such a contribution, the ABM Treaty expressly banned the construction of such radars at such locations as

one of the primary mechanisms for ensuring the effectiveness of the treaty. The Soviet Union's activity with respect to this radar is in direct violation of the ABM Treaty.

Against the backdrop of this Soviet pattern of noncompliance with existing arms control agreements, the Soviet Union is also taking other actions which affect our ability to verify Soviet compliance. Some Soviet actions, like their increased use of encryption during testing, are directly aimed at degrading our ability to monitor treaty compliance. Other Soviet actions, too, contribute to the problems we face in monitoring

Soviet compliance. For example, Soviet increases in the number of their mobile ballistic missiles, especially those armed with multiple, independently-targetable reentry vehicles, and other mobile systems, will make verification less and less certain. If we fail to respond to these trends, we could reach a point in the foreseeable future where we would have little confidence in our assessment of the state of the military balance or imbalance, with all that implies for our ability to control escalation during crises.

U.S.-U.S.S.R. Complete Second Round of Nuclear and Space Arms Talks

WHITE HOUSE STATEMENT, JULY 16, 1985¹

The United States and the Soviet Union completed today the second round of nuclear and space talks in Geneva. The primary U.S. goal remains significant, equitable, and verifiable reductions in the size of existing nuclear arsenals. The United States entered the second round of the nuclear and space talks with specific, detailed proposals on the table to achieve this goal and was prepared to make progress with the Soviet Union in each of the three negotiating areas.

In the area of strategic nuclear offensive arms, the U.S. delegation has flexibility in pursuing the significant reductions that we seek and is prepared to negotiate a number of specific, alternative paths that could lead to such reductions.

With respect to intermediate-range nuclear forces (INF), our ultimate goal remains the elimination of the entire class of nuclear weapons carried on land-based INF missiles. Toward this end, the U.S. delegation also has flexibility and is authorized to pursue an interim agreement resulting in equal U.S. and Soviet global limits at the lowest possible level.

We were equally prepared and remain prepared for detailed exchanges in the area of defense and space.

During the second round, regretably, the Soviet position has remained entrenched, with no movement in their formal positions. The Soviet delegation repeated their moratoria proposals while continuing to precondition progress—or

even detailed discussions—of offensive nuclear reductions on acceptance of their demands for unilateral U.S. concessions involving unrealistic and unverifiable constraints on research in the defense and space area.

Late in this round the Soviets surfaced some concepts which could involve possible reductions in existing strategic offensive nuclear arsenals. However, the method of aggregation proposed in these concepts seems designed to favor preservation of the Soviet Union's primary area of advantage, that is in prompt, hard target kill capability, the most worrisome element in the current strategic equation. Efforts by the U.S. delegation to elicit Soviet answers to our questions about these concepts, with regard to issues such as numbers, ceilings, and rates of possible reduction have thus far essentially gone unanswered. In this regard, we are disappointed that the Soviet Union has been unable to deal in concrete terms and with hard numbers, even framed as overall negotiating goals. And, while the U.S. immediately probed the Soviet concepts, the Soviets unfortunately have refused to engage in discussion of the U.S. proposals.

In sum, we are about where we had expected to be given that we are ending only the second round of negotiations of such complexity and importance. We hope that the Soviet Union will be more forthcoming during the next round of negotiations.

¹Text from Weekly Compilation of Presidential Documents of July 22, 1985. ■

Responding to the Challenge

In response to this long-term pattern of Soviet offensive and defensive improvements, the United States is compelled to take certain actions designed both to maintain security and stability in the near term and to ensure these conditions in the future. We must act in three main areas.

Retaliatory Force Modernization.

First, we must modernize our offensive nuclear retaliatory forces. This is necessary to reestablish and maintain the offensive balance in the near term and to create the strategic conditions that will permit us to pursue complementary actions in the areas of arms reduction negotiations and defensive research. For our part, in 1981 we embarked on our strategic modernization program aimed at reversing a long period of decline. This modernization program was specifically designed to preserve stable deterrence and, at the same time, to provide the incentives necessary to cause the Soviet Union to join us in negotiating significant reductions in the nuclear arsenals of both sides.

In addition to the U.S. strategic modernization program, NATO is modernizing its longer range intermediate-range nuclear forces (LRINF). Our British and French allies also have underway important programs to improve their own national strategic nuclear retaliatory forces. The U.S. SDI research program does not negate the necessity of these U.S. and allied programs. Rather, the SDI research program depends upon our collective and national modernization efforts to maintain peace and freedom today as we explore options for future decision on how we might enhance security and stability over the longer term.

New Deterrent Options. However, over the long run, the trends set in motion by the pattern of Soviet activity, and the Soviets' persistence in that pattern of activity, suggest that continued long-term dependence on offensive forces may not provide a stable basis for deterrence. In fact, should these trends be permitted to continue and the Soviet investment in both offensive and defensive capability proceed unrestrained and unanswered, the resultant condition could destroy the theoretical and empirical foundation on which deterrence has rested for a generation.

Therefore, we must now also take steps to provide future options for ensuring deterrence and stability over the long term, and we must do so in a way

that allows us both to negate the destabilizing growth of Soviet offensive forces and to channel longstanding Soviet propensities for defenses toward more stabilizing and mutually beneficial ends. The Strategic Defense Initiative is specifically aimed toward these goals. In the near term, the SDI program also responds directly to the ongoing and extensive Soviet antiballistic missile effort, including the existing Soviet deployments permitted under the ABM Treaty. The SDI research program provides a necessary and powerful deterrent to any near-term Soviet decision to expand rapidly its antiballistic missile capability beyond that contemplated by the ABM Treaty. This, in itself, is a critical task. However, the overriding, long-term importance of SDI is that it offers the possibility of reversing the dangerous military trends cited above by moving to a better, more stable basis for deterrence and by providing new and compelling incentives to the Soviet Union for seriously negotiating reductions in existing offensive nuclear arsenals.

The Soviet Union recognizes the potential of advanced defense concepts—especially those involving boost, postboost, and mid-course defenses—to change the strategic situation. In our investigation of the potential these systems offer, we do not seek superiority or to establish a unilateral advantage. However, if the promise of SDI technologies is proven, the destabilizing Soviet advantage can be redressed. And, in the process, deterrence will be strengthened significantly and placed on a foundation made more stable by reducing the role of ballistic missile weapons and by placing greater reliance on defenses which threaten no one.

Negotiation and Diplomacy. During the next 10 years, the U.S. objective is a radical reduction in the power of existing and planned offensive nuclear arms, as well as the stabilization of the relationship between nuclear offensive and defensive arms, whether on Earth or in space. We are even now looking forward to a period of transition to a more stable world, with greatly reduced levels of nuclear arms and an enhanced ability to deter war based upon the increasing contribution of non-nuclear defenses against offensive nuclear arms. A world free of the threat of military aggression and free of nuclear arms is an ultimate objective to which we, the Soviet Union, and all other nations can agree.

To support these goals, we will continue to pursue vigorously the negotiation of equitable and verifiable agreements leading to significant reductions

of existing nuclear arsenals. As we do so, we will continue to exercise flexibility concerning the mechanisms used to achieve reductions but will judge these mechanisms on their ability to enhance the security of the United States and our allies, to strengthen strategic stability, and to reduce the risk of war.

At the same time, the SDI research program is and will be conducted in full compliance with the ABM Treaty. If the research yields positive results, we will consult with our allies about the potential next steps. We would then consult and negotiate, as appropriate, with the Soviet Union, pursuant to the terms of the ABM Treaty, which provide for such consultations, on how deterrence might be strengthened through the phased introduction of defensive systems into the force structures of both sides. This commitment does not mean that we would give the Soviets a veto over the outcome anymore than the Soviets have a veto over our current strategic and intermediate-range programs. Our commitment in this regard reflects our recognition that, if our research yields appropriate results, we should seek to move forward in a stable way. We have already begun the process of bilateral discussion in Geneva needed to lay the foundation for the stable integration of advanced defenses into the forces of both sides at such time as the state of the art and other considerations may make it desirable to do so.

The Soviet Union's View of SDI

As noted above, the U.S.S.R. has long had a vigorous research, development, and deployment program in defensive systems of all kinds. In fact, over the last two decades the Soviet Union has invested as much overall in its strategic defenses as it has in its massive strategic offensive buildup. As a result, today it enjoys certain important advantages in the area of active and passive defenses. The Soviet Union will certainly attempt to protect this massive, long-term investment.

Allied Views Concerning SDI

Our allies understand the military context in which the Strategic Defense Initiative was established and support the SDI research program. Our common understanding was reflected in the statement issued following President Reagan's meeting with Prime Minister Thatcher in December, to the effect that:

First, the U.S. and Western aim was not to achieve superiority but to

maintain the balance, taking account of Soviet developments;

Second, that SDI-related deployment would, in view of treaty obligations, have to be a matter for negotiations;

Third, the overall aim is to enhance, and not to undermine, deterrence; and,

Fourth, East-West negotiations should aim to achieve security with reduced levels of offensive systems on both sides.

This common understanding is also reflected in other statements since then—for example, the principles suggested recently by the Federal Republic of Germany that:

- The existing NATO strategy of flexible response must remain fully valid for the alliance as long as there is no more effective alternative for preventing war; and,

- The alliance's political and strategic unity must be safeguarded. There must be no zones of different degrees of security in the alliance, and Europe's security must not be decoupled from that of North America.

SDI Key Points

Following are a dozen key points that capture the direction and scope of the program.

1. The aim of SDI is not to seek superiority but to maintain the strategic balance and thereby assure stable deterrence.

A central theme in Soviet propaganda is the charge that SDI is designed to secure military superiority for the United States. Put in the proper context of the strategic challenge that we and our allies face, our true goals become obvious and clear. Superiority is certainly not our purpose. Nor is the SDI program offensive in nature. The SDI program is a research program aimed at seeking better ways to ensure U.S. and allied security, using the increased contribution of defenses—defenses that threaten no one.

2. Research will last for some years. We intend to adhere strictly to ABM Treaty limitations and will insist that the Soviets do so as well.

We are conducting a broad-based research program in full compliance with the ABM Treaty and with no decision made to proceed beyond research. The SDI research program is a complex one that must be carried out on a broad front of technologies. It is not a program where all resource considerations

are secondary to a schedule. Instead, it is a responsible, organized research program that is aggressively seeking cost-effective approaches for defending the United States and our allies against the threat of nuclear-armed and conventionally armed ballistic missiles of all ranges. We expect that the research will proceed so that initial development decisions could be made in the early 1990s.

3. We do not have any preconceived notions about the defensive options the research may generate. We will not proceed to development and deployment unless the research indicates that defenses meet strict criteria.

The United States is pursuing the broadly based SDI research program in an objective manner. We have no preconceived notions about the outcome of the research program. We do not anticipate that we will be in a position to approach any decision to proceed with development or deployment based on the results of this research for a number of years.

We have identified key criteria that will be applied to the results of this research whenever they become available. Some options which could provide interim capabilities may be available earlier than others, and prudent planning demands that we maintain options against a range of contingencies. However, the primary thrust of the SDI research program is not to focus on generating options for the earliest development/deployment decision but options which best meet our identified criteria.

4. Within the SDI research program, we will judge defenses to be desirable only if they are survivable and cost effective at the margin.

Two areas of concern expressed about SDI are that deployment of defensive systems would harm crisis stability and that it would fuel a runaway proliferation of Soviet offensive arms. We have identified specific criteria to address these fears appropriately and directly.

Our survivability criterion responds to the first concern. If a defensive system were not adequately survivable, an adversary could very well have an incentive in a crisis to strike first at vulnerable elements of the defense. Application of this criterion will ensure that such a vulnerable system would not be deployed and, consequently, that the Soviets would have no incentive or prospect of overwhelming it.

Our cost-effectiveness criterion will ensure that any deployed defensive system would create a powerful incentive not to respond with additional offensive arms, since those arms would cost more than the additional defensive capability needed to defeat them. This is much more than an economic argument, although it is couched in economic terms. We intend to consider, in our evaluation of options generated by SDI research, the degree to which certain types of defensive systems, by their nature, encourage an adversary to try simply to overwhelm them with additional offensive capability while other systems can discourage such a counter effort. We seek defensive options which provide clear disincentives to attempts to counter them with additional offensive forces.

In addition, we are pressing to reduce offensive nuclear arms through the negotiation of equitable and verifiable agreements. This effort includes reductions in the number of warheads on ballistic missiles to equal levels significantly lower than exist today.

5. It is too early in our research program to speculate on the kinds of defensive systems—whether ground-based or space-based and with what capabilities—that might prove feasible and desirable to develop and deploy.

Discussion of the various technologies under study is certainly needed to give concreteness to the understanding of the research program. However, speculation about various types of defensive systems that might be deployed is inappropriate at this time. The SDI is a broad-based research program investigating many technologies. We currently see real merit in the potential of advanced technologies providing for a layered defense, with the possibility of negating a ballistic missile at various points after launch. We feel that the possibility of a layered defense both enhances confidence in the overall system and compounds the problem of a potential aggressor in trying to defeat such a defense. However, the paths to such a defense are numerous.

Along the same lines, some have asked about the role of nuclear-related research in the context of our ultimate goal of non-nuclear defenses. While our current research program certainly emphasizes non-nuclear technologies, we will continue to explore the promising concepts which use nuclear energy to power devices which could destroy ballistic missiles at great distances. Further, it is useful to study these concepts

to determine the feasibility and effectiveness of similar defensive systems that an adversary may develop for use against future U.S. surveillance and defensive or offensive systems.

6. The purpose of the defensive options we seek is clear—to find a means to destroy attacking ballistic missiles before they can reach any of their potential targets.

We ultimately seek a future in which nations can live in peace and freedom, secure in the knowledge that their national security does not rest upon the threat of nuclear retaliation. Therefore, the SDI research program will place its emphasis on options which provide the basis for eliminating the general threat posed by ballistic missiles. Thus, the goal of our research is not, and cannot be, simply to protect our retaliatory forces from attack.

If a future president elects to move toward a general defense against ballistic missiles, the technological options that we explore will certainly also increase the survivability of our retaliatory forces. This will require a stable concept and process to manage the transition to the future we seek. The concept and process must be based upon a realistic treatment of not only U.S. but Soviet forces and out-year programs.

7. U.S. and allied security remains indivisible. The SDI program is designed to enhance allied security as well as U.S. security. We will continue to work closely with our allies to ensure that, as our research progresses, allied views are carefully considered.

This has been a fundamental part of U.S. policy since the inception of the Strategic Defense Initiative. We have made a serious commitment to consult, and such consultations will precede any steps taken relative to the SDI research program which may affect our allies.

8. If and when our research criteria are met, and following close consultation with our allies, we intend to consult and negotiate, as appropriate, with the Soviets pursuant to the terms of the ABM Treaty, which provide for such consultations, on how deterrence could be enhanced through a greater reliance by both sides on new defensive systems. This commitment should in no way be interpreted as according the Soviets a veto over possible future defensive deployments. And, in fact, we have already been trying to initiate a discussion of the offense-defense relationship and stability in the defense and space talks underway in

Geneva to lay the foundation to support such future possible consultations.

If, at some future time, the United States, in close consultation with its allies, decides to proceed with deployment of defensive systems, we intend to utilize mechanisms for U.S.-Soviet consultations provided for in the ABM Treaty. Through such mechanisms, and taking full account of the Soviet Union's own expansive defensive system research program, we will seek to proceed in a stable fashion with the Soviet Union.

9. It is our intention and our hope that, if new defensive technologies prove feasible, we (in close and continuing consultation with our allies) and the Soviets will jointly manage a transition to a more defense-reliant balance.

Soviet propagandists have accused the United States of reneging on commitments to prevent an arms race in space. This is clearly not true. What we envision is not an arms race; rather, it is just the opposite—a jointly managed approach designed to maintain, at all times, control over the mix of offensive and defensive systems of both sides and thereby increase the confidence of all nations in the effectiveness and stability of the evolving strategic balance.

10. SDI represents no change in our commitment to deterring war and enhancing stability.

Successful SDI research and development of defense options would not lead to abandonment of deterrence but rather to an enhancement of deterrence and an evolution in the weapons of deterrence through the contribution of defensive systems that threaten no one. *We would deter a potential aggressor by making it clear that we could deny him the gains he might otherwise hope to achieve rather than merely threatening him with costs large enough to outweigh those gains.*

U.S. policy supports the basic principle that our existing method of deterrence, and NATO's existing strategy of flexible response, remain fully valid, and must be fully supported, as long as there is no more effective alternative for preventing war. It is in clear recognition of this obvious fact that the United States continues to pursue so vigorously its own strategic modernization program and so strongly supports the efforts of its allies to sustain their own commitments to maintain the forces, both nuclear and conventional, that provide today's deterrence.

11. For the foreseeable future, offensive nuclear forces and the prospect of nuclear retaliation will remain the key element of deterrence. Therefore, we must maintain modern, flexible, and credible strategic nuclear forces.

This point reflects the fact that we must simultaneously use a number of tools to achieve our goals today while looking for better ways to achieve our goals over the longer term. It expresses our basic rationale for sustaining the U.S. strategic modernization program and the rationale for the critically needed national modernization programs being conducted by the United Kingdom and France.

12. Our ultimate goal is to eliminate nuclear weapons entirely. By necessity, this is a very long-term goal, which requires, as we pursue our SDI research, equally energetic efforts to diminish the threat posed by conventional arms imbalances, both through conventional force improvements and the negotiation of arms reductions and confidence-building measures.

We fully recognize the contribution nuclear weapons make to deterring conventional aggression. We equally recognize the destructiveness of war by conventional and chemical means, and the need both to deter such conflict and to reduce the danger posed by the threat of aggression through such means. ■

U.S. Invites Soviets to Observe Nuclear Test

**WHITE HOUSE STATEMENT,
JULY 29, 1985¹**

President Reagan's central arms control objective—the objective declared in the U.S.-Soviet joint statement issued in Geneva last January—is to eliminate nuclear weapons altogether. We, therefore, have proposed at the bargaining table in the nuclear and space talks in Geneva radical reductions in the size of existing nuclear arsenals, beginning with the most destabilizing ballistic missiles. We believe such radical reductions, coupled with possible future strategic defenses for both sides, are the most promising avenues to eliminate the danger of nuclear war. We regret that the Soviet Union to date has been unwilling to negotiate in concrete and detailed terms to achieve such reductions in Geneva. In this respect, not only have they failed to address our desire for deep reductions and enhanced stability, but they have not been willing to present specific, numerical levels supporting their own approach.

While we believe the most direct path is through equitable, verifiable reductions, we also believe that verifiable limitations on nuclear testing can play a useful, though more modest, role. For that reason, President Reagan, in his speech to the UN General Assembly on September 24, 1984, proposed that the Soviet Union and the United States exchange visits of experts to measure

directly at nuclear test sites the yields of nuclear weapons tests. The President views this proposal as a means to increase confidence in verifiable limits on underground testing. To date, the Soviet Union has refused to agree to this practical and fair-minded approach.

As a demonstration of our seriousness, the President has extended to the Soviet leadership our invitation for a Soviet team to observe and to measure a nuclear test at our Nevada test site. This offer, which is unconditional, is a unilateral step which clearly demonstrates the U.S. intention to go the extra mile. The Soviet experts are invited to bring any instrumentation devices that the Soviet Union deems necessary to measure the yield of this test. This U.S. initiative demonstrates our commitment to achieving verifiable limitations in nuclear testing.

We would welcome Soviet interest in joining us in developing and putting into place truly verifiable and durable limits on nuclear testing. We believe the President's initiative is the most practical approach to begin addressing this serious problem. We reiterate there are no conditions to this far-reaching offer, and we look forward to a positive and timely Soviet response.

¹Text from Weekly Compilation of Presidential Documents of Aug. 5, 1985. ■

U.S.-Japan Relations: Dangers and Opportunities, Myths and Realities

by Paul D. Wolfowitz

Address before the Associated Japan-America Societies of the United States in New York City on June 13, 1985. Mr. Wolfowitz is Assistant Secretary for East Asian and Pacific Affairs.

As the presidents and executive directors of Japan-America Societies from across the United States, you have a very clear interest not only in Japan and things Japanese but also in what we both know is a critically important relationship to the United States. You are all familiar with Ambassador Mansfield's famous phrase, "the most important bilateral relationship in the world—bar none." (In fact, I am told that some Tokyo residents have begun referring to the American Embassy as the "Bar None Ranch.") Now, the United States has other important bilateral relationships as well. Our political and security interaction with the Soviet Union is critical to our very survival and to peace throughout the world. America's economic involvement—trade and investment—still is more extensive with Canada than with Japan. Our ties to our European allies are vital and extend across the full spectrum of political, economic, and security affairs.

Japan's Increasing Importance

But the increasing importance of our relationship with Japan cannot be denied. And there is something else that should not be denied, but, unfortunately, it is forgotten by many: this is a relationship from which both countries clearly benefit.

Many years ago, the Japanese liked to say that when America sneezed, Japan caught cold. Things have changed a lot since then. Japan today has become one of the most important countries in the world, and it has become one of the most important countries in that world to the United States. The United States derives enormous benefit from having Japan—a democratic nation, economic power, and strategic ally—as our friend and partner.

Japan's economic importance is well-understood. It produces 10% of the world's GNP [gross national product] and exports and imports about 8% of the world's products. It is widely regarded as a world technological

leader. Japan has what may well be, overall, the best educated and most highly motivated work force in the world. It is the world's third largest aid donor and is second only to us in the total amount of resource flows, public and private, that are provided to Third World countries.

Japan as an International Power

But there is something happening on the political front as well. Although Japan is still in the process of defining its role in the world as an economic superpower, Japan is moving in the direction of a greater international political role. Prime Minister Nakasone has said that he wants Japan to be an "international country" and play a political role in the world commensurate with its economic strength. To paraphrase President Reagan, "Japan is back, and standing taller than ever." When historians look back at the 1980s, they will see the emergence of Japan as an international power and full-fledged member of the West as one of the most significant developments of the decade.

Japan's growing internationalization presents the United States with an important opportunity. Japan is on the road to becoming a world-class power—there is no denying and no stopping that. Nor should we want to.

The questions we should consider are: what will the rise of this new, "international Japan" mean to the United States, and how can it take place in ways that benefit the United States and strengthen the cause of freedom, peace, and prosperity in the world?

- As Japan pursues an increasingly active foreign policy, will its policies be compatible with ours and supportive of Western interests? Or will Japan pursue a more independent role?

- As Japan's economic and technological prowess continues to grow, will Japan be seen as a threat to our economic interests? Or will John Naisbitt's prediction in the bestseller *Megatrends* come true: that in the future, others will refer to us as U.S.-Japan, Inc.?

Today, we stand at a watershed in our relationship with Japan. As Japan moves toward an expanded and more active international role, our policies and our actions will shape the very future of our relationship.

Toward an International Partnership

Our response is clear. We welcome Japan's growing international role in partnership with the United States. And we must ensure that Japan's ever-increasing economic and technological strength opens new horizons for cooperation between our two countries and new opportunities for our companies and our consumers. These are the goals for which we are working.

Our call for an "international partnership" with Japan was first made by Secretary of State Shultz in his Shimoda Conference speech in September 1983. Two months later, in his speech to the Diet, President Reagan told the story of how American and Japanese mountain climbers, one group attempting to climb Mt. Everest from the Nepal side and the other from the side of Tibet, met just under the summit and joined hands to reach the top together.

Good and dear friends of Japan [the President said], if those mountaineers could join hands at the top of the world, imagine how high our combined 350 million citizens can climb, if all of us work together as powerful partners for the cause of good. Together there is nothing Japan and America cannot do.

The President clearly recognizes the great benefits to our foreign policy and to our common goals that cooperation and partnership between the United States and Japan can bring. At Los Angeles this year he said, "there is no relationship more important to peace and prosperity in the world than that between the United States and Japan."

Our relationship with Japan no longer is simply a bilateral one; it now has global dimensions. Today, the United States and Japan are faced with unprecedented opportunities to act as partners on a global scale—and, increasingly, we are doing just that. Today, no matter where you look—whether it is promoting stability on the Korean Peninsula, increasing food assistance to Africa, stemming the flow of high technology to the Soviet bloc, promoting economic development, alleviating the debt crisis in Latin America, or working to de-escalate conflict in the Middle East—Japan is there and working with the United States for a better world.

The challenge of the future is to realize the full potential of our relationship. But the challenge of the present is to overcome the obstacles that stand in the way of fulfilling that vision.

Concern About the U.S.-Japan Relationship

I must be frank with you today in admitting that I am concerned. I am concerned about our continued inability to gain full access to Japan's markets and the repercussions that this brings in the United States; concerned that our trade crises are occurring more frequently and with greater intensity; concerned about the tendency for many people in both countries to see the problem as completely the fault of the other. Many people increasingly see our economic relationship as a zero-sum game, in which anything that benefits one country is seen automatically as a loss for the other. I am concerned about the impact that a failure to resolve our trade difficulties will have on the free trade system from which both our countries have benefited so mightily. And I am concerned about the impact that all of this could have on our relationship and on the attitudes of our two peoples about each other.

These concerns are shared by many, and not just by Americans and Japanese. I was struck by a speech that Malaysia's Prime Minister Mahathir made earlier this month in Hong Kong, when he said that a much greater threat to the entire Asia-Pacific region than the Soviet Union is what he called the "emerging economic cold war" between the United States and Japan. The Prime Minister said that "there is not even a trace of poetic justice in the disastrous effects on us in the Pacific and in the rest of the world should the United States and Japan not be able to resolve their problems."

When we speak, though, about the importance of our broader relationship and of the promise that it holds, some people may misunderstand and think that our goal is to sweep our trade problems under the table in order to avoid hurting that broader relationship. That is not our goal, and it must not be our goal. We should do what we can in a time of trade frictions and bilateral tensions to keep those tensions from affecting the many other very healthy aspects of our relationship. But, in the end, there is only one way to really do that successfully, and that is to solve the problems. The great importance of our overall relationship argues for more action and not less; for more urgency, not

less. There is no more critical time in U.S.-Japan relations than today, and there is no more critical task facing our relationship than to make progress in solving our trade problems.

That task is not made easier when we are faced in both countries by misinformation rather than facts and by myths instead of realities. Consider these recent examples from the U.S. press:

- A famous American television news commentator said that "this country is flooded with Japanese goods, while the Japanese are unwilling to buy much of anything here." Yet, the fact is, Japan is our best overseas market, and our exports to Japan last year—\$25 billion—equaled our exports to France, West Germany, and the United Kingdom combined.

- The same commentator then said that "American dollars go to Japan and mostly stay there—\$37 billion in 1984, and more this year." But the fact is that last year all of those dollars—plus an extra \$3 billion—came back to the United States in the form of capital flows.

- A prestigious national business publication wrote that Japan "is still virtually shutting out U.S. agricultural imports." The facts? Japan is America's best agricultural market and buys between \$6 and \$7 billion annually.

- And a national business weekly wrote that when President Reagan met Prime Minister Nakasone in January, "he glossed over" and "avoided unpleasant trade issues." Perhaps there was some meeting that I don't know about. I was present at their meetings in Los Angeles, and I can tell you that trade issues dominated those discussions.

The situation is hardly better in Japan. Edward Seidenstricker recently analyzed letters to the editor in Japanese business magazines on U.S.-Japan trade friction. He said that the striking thing about them is that so many convey the idea that the United States has been defeated economically by Japan and that only American pettiness and conceit prevent a recognition of that fact and bring charges that Japan is in some measure responsible for the friction. Seidenstricker said, "It is as if the Americans are being called upon to surrender."

Others in Japan tell us—and, frankly, this kind of talk is what sends a lot of us "up the wall"—that the only problem is the lack of effort on the part of American businessmen or shoddy American goods or our unwillingness to make the cultural adaptations required for Japanese tastes. But just exactly:

- What kind of cultural adaptations are required for an American satellite, and what matters of taste affect the choice of semiconductors?

- How shoddy is Iowa corn-fed beef, Florida orange juice, or California wine, Northwest plywood or other quality products whose marketability in Japan is limited by quotas or high tariffs?

- Or what about the recent case of a Japanese company—itsself a major exporter to the United States—that planned to buy a supercomputer? Its own technical experts said that the American product clearly was superior to the Japanese, but the company intended to buy the Japanese product because of a longstanding business relationship. Fortunately, this decision was turned around, but it took intervention by U.S. and Japanese Government officials to let the market make the correct decision.

To my friends in Japan, my point is this. We have a problem, and it is real. It is not a figment of America's imagination. We are not making Japan a scapegoat for our alleged economic failures. Our businessmen and farmers are trying to sell products in Japan—quality products and superior products—but, in many cases, they are being denied an equal opportunity to do so. We still do not have the same access to Japan's market that Japanese businessmen have to ours. Above all, we will never be able to solve this problem if we deny its very existence.

To my fellow Americans, we agree that we have a trade problem with Japan. We are not sweeping anything under the rug. But we make the problem worse than it is, and we make it more difficult to solve, if we spread information that simply is not true. If we are going to solve our trade problem, the first requirement is realism. We must know what the facts are. We must know what the problem is and what it is not.

Defining the Trade Problem

Our trade problem with Japan is not our bilateral trade deficit, large though it may be. Economists have told us many times that there is no requirement for bilateral trade to be in balance—although, as the Secretary clearly indicated in his recent speech at Princeton, our global deficit and the burden that the high value of the dollar places on American exporters are sources of concern to us. It is our responsibility to solve those problems and deal with the budget deficits and lower savings rates

that are their cause. But our problem with Japan is market access—our continued ability to gain full and prompt access to Japan's markets—and that requires action by Japan to solve.

Of all the criticisms that have been levied against us, the most vexing is this—that years and years of efforts by our trade negotiators have brought no progress in opening Japan's markets. What is the proof that the critics cite? The increasing size of our bilateral trade deficit. Last year our trade deficit with Japan did, in fact, increase by \$17 billion. But we must be honest with ourselves. Japan did not erect \$17 billion worth of new barriers against U.S. products last year. And the Administration did not become \$17 billion less successful in opening Japan's markets to our companies.

The measure of progress should not be the size of our bilateral trade deficit but whether we have, in fact, gained access to Japan's markets and opened new export opportunities for our businessmen and farmers. We have been making progress, and we will continue to do so. Consider this:

- In 1971, our exports to Japan were only \$4 billion; last year, we exported more than six times that amount, far greater than the growth of either of our own economies during that same time.
- Japan is taking an increasing share of U.S. exports to the world—11.0% in 1984, compared to 9.3% in 1981.
- When fuel imports are excluded, 46% of Japan's global imports in 1982 were manufactures, compared to 38% in 1973. The dollar values were \$29.5 billion in 1982 versus \$11.5 billion in 1972.
- Contrary to popular belief, nearly half of U.S. exports to Japan are manufactures, and the percentage has increased over the past 3 years.
- Looking at just two categories of manufactures, machinery and chemicals, in 1972 Japan's imports from the United States were \$1.9 billion; 10 years later, they had increased to \$8.4 billion, more than four times as much.

But none of these facts can or does excuse the problem that we have in gaining full access to Japan's markets. We should be selling even more in Japan and hearing those cash registers ring more frequently. There is no doubt in my mind that if our companies are provided the access that we are seeking, we will have even greater exports.

Improving Market Access in Japan

As many of you are aware, we are now engaged with the Japanese in a very intensive negotiation process called "MOSS." MOSS stands for "market-oriented, sector-selective." When President Reagan met with Prime Minister Nakasone in January at Los Angeles, they agreed to take four sectors where competitive American products should be doing better in Japan. Their model was the negotiating approach which brought about the yen-dollar agreement last year.

The four sectors selected were telecommunications, electronics, forestry products, and medical supplies, including pharmaceuticals. In essence, the MOSS approach entails a commitment to address and resolve all issues impeding market access in these four sectors. The goal is not simply to negotiate "packages" but to eliminate problems across the board in each sector—to follow through and see concrete results in the form of greater U.S. exports to Japan.

We already have made progress, and we will continue to do so. To cite just a few examples:

- Japan agreed to our request to use a criterion almost the same as our own—"no harm to the network"—as the basis for its standards on customer premise telecommunications equipment. Japanese telecommunications standards in this area now will be essentially similar to our own.
- Japan has accepted, in principle, our requests for approval of equipment based on self-certification, and it has named foreign company representatives to Japan's telecommunications advisory council and one of its subcommittees.
- Japan has agreed that computer software will receive copyright protection and is in the process of enacting legislation to provide copyright protection to computer chips. It has proposed the mutual elimination of tariffs for a wide range of electronic products.

There is still much to be done in every one of these four sectors. Nothing in Japan ever happens overnight. That distinguished historian of Japan, John Hall, has written that while Japanese history has had its dramatic moments,

more often than not it has been a history of incrementalism. A longer term view shows that we have, indeed, made progress. Many of the issues that were on the negotiating table with Japan just 2 years ago are no longer there—they have been solved. Unfortunately, others are still there.

The problem is that the pace is slow and changes are often made belatedly and begrudgingly. There is an ever-widening gap—and a dangerous gap—between the progress that we have made in opening Japan's markets and the increased exports that result from that on the one hand and the growth in our bilateral trade deficit on the other. There is another dangerous gap as well—between the pace of Japan's economic internationalization on one side and the world trading community's expectations of Japan, an economic superpower, on the other.

We, and the rest of the world, are not singling out Japan. But we do expect a lot of Japan. It is the world's second largest economy and, therefore, represents a major export market for our products. It has been, as Prime Minister Nakasone said in his April 9 address to the nation, the prime beneficiary of the free trade system, and Japan, therefore, has a special responsibility to help preserve and strengthen that system by removing its own impediments to free trade. Above all, Japan is a world leader, and it is reasonable to expect Japan to act as a leader. Prime Minister Nakasone and Foreign Minister Abe know this well, and they are working with vision and courage to impress upon their countrymen the important contribution that Japan can and should make to the world.

There is no greater challenge for those on both sides of the Pacific who believe in the importance of this relationship and its potential than this—to work together, as fast as we can and in a spirit of cooperation, to overcome the problems in our relationship. Our two countries have a profound interest in solving these problems together because they are *our* problems. We need your help to ensure that our relationship is guided by realities and not myths. We need your support to guarantee that the future of this critically important relationship is marked not by danger but by opportunity. ■

Vietnam: Under Two Regimes

On April 30, 1975, Soviet tanks manned by communist North Vietnamese regulars rolled into Saigon to seize control of South Vietnam. As the communists fanned out into the streets of the capital in search of remaining pockets of resistance, they assured the frightened populace that their mission was one of liberation and not subjugation.

The communists bitterly assailed the oppressive and corrupt practices of the defeated former government and vowed to bring a new spirit of freedom and independence to the now "liberated" people of South Vietnam.

Now that 10 years have passed since then, we are afforded an interesting opportunity to compare and contrast, in a general sense, the ruling practices, the human rights record, and the overall quality of life of the Vietnamese people under the two regimes.

The Government of South Vietnam, Pre-1975

It is difficult to characterize the Government of the Republic of Vietnam (RVN) before the fall. The President, with the strong support of the military establishment, controlled the political scene and dictated the policies of the military and security networks. As the Thieu regime's policies toward political freedom and human rights varied, one cannot categorize his regime as either strictly authoritarian or moderate but rather a mixture of the two.

Although the Thieu government recognized the concepts of free elections, freedoms of press and speech, and the right to form political organizations, there were a variety of limitations on these liberties. Despite these restraints, however, the RVN did enjoy an important degree of democracy based on increased and meaningful popular participation in the selection of local, regional, and national leaders.

From 1967 to 1971 the average Vietnamese had opportunities to vote in some nine elections. He chose officials to run his hamlet and to govern his country. He voted for his hamlet chief, his village council, twice elected an entire lower house of the National Assembly, elected an initial 60-member Senate for the National Assembly, and twice voted for a president and vice president.

Although these examples are noteworthy, it is clear that election improprieties and irregularities often marred the legitimacy of South Vietnam's government electoral proceedings. Nguyen Van Thieu is known to have manipulated the 1971 presidential election in order to keep himself in power; in effect, it became essentially a one-man election. Nevertheless, even with these serious flaws, there existed in South Vietnam a significant degree of genuine popular choice in the electoral process. Noncommunist politicians opposed to Thieu were allowed to run for

office and were elected at all levels of the political system.

The Thieu government was sensitive to and restrained by public opinion both at home and abroad. The representative political bodies in South Vietnam became useful and constructive forums for public discussion and criticism of national leadership and policy. They were, indeed, instrumental in the preservation of an important degree of political freedom and expression and would have contributed further to democracy if they had not been eliminated by the communists in 1975.



Vietnamese refugees ("boat people") off the coast of Malaysia.

(UNHCR photo by K. Gaugler)



With respect to press freedoms, the Thieu regime did not generally impose restrictions or controls. In South Vietnam prior to 1975, there were approximately 27 daily newspapers—22 in Vietnamese, 3 in Chinese, 1 in French, and 1 in English. There were also some 200 scholarly, technical, and literary journals, as well as a number of popular magazines. South Vietnam had 3 television channels and about 24 radio stations. To get an idea of the degree of press freedom before the fall, it is worth quoting an excerpt from one of the newspapers radically opposed to the Thieu Administration. The following is from the newspaper *Tin Sang*, April 1971, entitled "Is Protecting South Vietnam a Just Cause?" An editorial spoke of the true nature of the so-called just cause that officials in the United States have allegedly long used to sow death and mourning there and went on to say:

It is certain that President Nixon now stands at a cross-road as President DeGaulle did 13 years ago in Algeria. . . . faced with French difficulties at that time, DeGaulle acted like a genuine leader, clear-sighted enough to see through the evolution of the situation, and did what the honor of a traditionally democratic France demanded. . . . Has President Nixon the makings of such a leader to move in that direction?

The Thieu government was more severe and less tolerant on the question of political prisoners and the use of torture. The RVN imprisoned significant numbers of people during the Vietnam conflict even though they had committed no crime and had not engaged in forceful efforts to overthrow the government. South Vietnamese authorities engaged in practices of torture to extract confessions and intelligence information from persons suspected of subversive activities during the war.

With respect to personal restrictions the Government of South Vietnam intruded little into the private and family life of the Vietnamese people. Parents were free to raise their children as they wished, and the authorities generally respected the sanctity of the home and the privacy of communications and correspondence. The regime made no effort to curb or otherwise influence the traditional ethnic pluralism of the Vietnamese people. Under the Thieu government there was complete freedom of religion, and there were few restrictions on cultural or intellectual life. Poets, writers, and other creative artists were able to pursue their cultural interests without interference from the state. Education in South Vietnam was free at all levels and the schools and universities



(UN photo by J. K. Isaac)

A young Vietnamese refugee in Indonesia.

were sponsored both by the church and state. The South Vietnamese people under Thieu were generally free to travel within the country or abroad without restriction.

NLF and SRV Promises

The tyranny in Vietnam today contrasts sharply with the communist propaganda of the 1960s and 1970s. The 1960 platform of the National Liberation Front (NLF) of South Vietnam, the front organization established by the Vietnamese communists for the purpose of winning the support of the South Vietnamese people, states in part:

We will abolish the present constitution of the Ngo Dinh Diem dictatorial government and with universal suffrage elect a new National Assembly. Freedom of expression, press, assembly, and association, travel, religion, and other democratic liberties will be promulgated. Religious, political, and

patriotic organizations will be permitted freedom of activity regardless of belief and tendencies. There will be a general amnesty for all political detainees, the concentration camps dissolved. . . . illegal arrests, illegal imprisonment, torture, and corporal punishment shall be forbidden.

These promises were repeated time after time and were central to NLF and North Vietnamese propaganda. Regrettably, these pledges were without exception betrayed.

The forced 1975 unification of North and South Vietnam took place despite the longstanding promises made by the communists that South Vietnam would remain free and independent. As one reviews that period of conflict in the region, one is struck by the irony of other false communist declarations, including the accusations and allegations made throughout the 1960s and 1970s of U.S. designs to subjugate and exploit

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the people and countries in Southeast Asia. Today, in marked contrast, it is the Socialist Republic of Vietnam (SRV) which fields the third largest land army in the world and currently occupies and controls two of its neighboring countries, while maintaining relentless military pressure on the border of Thailand.

Human Rights Since 1975

After the communists seized control of South Vietnam in 1975, a great number of Vietnamese thought to have collaborated with the former government were put to death. The SRV acknowledges that some individuals whom it considered "war criminals" were executed. However, there are other reliable reports that a great many more people were detained in the rural areas in mid-1975 and were never seen or heard from again. One recent academic inquiry from the University of California at Berkeley says a conservative estimate is 65,000 political executions, in addition to all the deaths from labor camp and prison conditions.

In May 1975 after the communists had eliminated remaining South Vietnamese resistance, every newspaper and radio and television station were closed. Back issues of magazines, books, records, and cassettes were confiscated from homes and libraries and burned in the streets in huge bonfires. From then on, the only source of information was one television station owned by the regime, which was on the air only 2 hours a day and concerned itself exclusively with communist propaganda.

The Socialist Republic of Vietnam today is a dictatorship ruled by the Communist Party, the sole arbiter of power. All authority and political power are vested in the party, and political opposition or advocacy of change in this system is not tolerated. Ostensibly the chief legislative body, the National Assembly, in fact, approves without dissent the policies set by the Communist Party politburo. National Assembly elections are held in Vietnam every 5 years. The electorate must participate in these elections in order to have ration cards validated. Voters do not have a real political choice. From a single list which is presented to them, they may only

strike out the names of the candidates for whom they do not wish to vote. This tight control over the electoral process stands in stark contrast to the endless communist propaganda of the 1960s and 1970s when promises of free elections and democratic liberties were constantly espoused but never realized.

Vietnamese citizens under suspicion by the communist authorities for political crimes are often sent to "reeducation camps" without trial or charge or benefit of counsel. The regime continues to hold large numbers of people in the camps, including those whom the regime distrusts because of their association with the former government, and those whose current political views are suspect. The camps often provide a mechanism whereby dissident elements can be easily removed from society, including particularly competent and/or charismatic leaders.

The widespread use of these camps by the Vietnamese is deplored and condemned throughout the international community. Through these facilities, attempts are made to produce conformity through confinement, mental and



Vietnamese refugee camp in Malaysia.

(UNHCR photo by Marco Flaks)

physical isolation, hard labor, "self-criticism," and violent intimidation. Reports from refugees are consistent concerning the severity of the conditions for prisoners in the camp. In "reeducation camp" detention, provision of food rations below subsistence levels, denial of medical care, and assignment of hard labor to political prisoners of conscience have been regularly practiced. Prisoners are punished severely for even minor infractions of camp rules. These practices often result in acute suffering, permanent physical impairment, and death. The prisoners have indeterminate sentences and face the prospect of indefinite penal labor.

In addition to some common criminals, these camps often contain former officials and military officers of the Republic of Vietnam, many of them aged, and people arrested for political reasons since the communist takeover in 1975. Included are chaplains and clergy from both Buddhist and Christian groups, intellectuals, and former political leaders. It has been reported from refugees that prisoners undergoing interrogation have been beaten to death in the camps, and others thought by guards to be resistant to orders or camp discipline have been executed. Although the Vietnamese Government officially maintains that the numbers of people detained in the camps to be on the order of 7,000, reports from refugees and other sources claim the numbers are in the hundreds of thousands.

The rights of freedom of speech and the press do not exist in Vietnam. The Ministry of Culture and other organs of the state and party control all newspapers, books, and other publications, as well as cultural exhibitions. The regime controls and censors all public sources of information and promotes "revolutionary culture" in the arts. Many prominent artists and writers have been arrested. The importation of books and periodicals is virtually prohibited, and although Western broadcasts are not jammed, citizens are subject to questioning and arrests if they are caught listening.

Independent criticism of the party, the government, or government officials is not permitted. Severe self-censorship by journalists operates without question, given the pervasive control and rigidity of the party. Average Vietnamese citizens under the current communist regime continue to be subjected to pervasive surveillance by party-appointed block wardens, who use informants to keep track of each individual's political and economic activities. The spy system extends from North Vietnam to Ho Chi Minh City (formerly Saigon) and other

southern cities and rural areas. Recent reports indicate that the system now pervades even rural hamlets. However, the system works imperfectly in the south, partly because of a shortage of trusted party workers.

There have been reports of officials planting incriminating evidence during searches of homes. There also have been reports of officials and even unofficial security wardens conducting midnight searches of residences of draft-age males in order to fulfill draft quotas. No warrants were required. With respect to other intrusions, there continue to be reliable reports that the Ministry of the Interior inspects and sometimes confiscates international mail sent to Vietnam, particularly to politically suspect individuals, persons of Chinese origin, and those receiving mail thought to contain money or valuable merchandise. Outgoing mail is also subject to inspection and censorship.

The communists also have subjected many of their people to relocation into "new economic zones" in isolated and unproductive rural areas in order to expand agricultural production and reduce "unproductive" urban populations. Hundreds of thousands were resettled in these remote and harsh zones in the years following the fall of South Vietnam. The resettlement process has involved forms of serious coercion in most cases. The program frequently targets for resettlement those whose views and background make them politically suspect and often unable to find employment. Conditions in these zones are widely reported to range from poor to life threatening with inadequate food, shelter, and other basic services. Many of the relocated people have fled the zones, returning to the cities where they are forced to live, on an already weak economy, without the ration or neighborhood registration essential to procuring employment, food, and other essential items. Without these documents such persons can be arrested arbitrarily and returned to the "new economic zones."

Currently in Vietnam, government approval is required for all external travel, and one must have an identity card to travel internally. Citizens are not allowed to change residences or work locations without permission from the authorities. Since public security cadre periodically check household occupants against the official family register, unauthorized absences also subject families to arrest, surveillance, and harassment. With few exceptions, only

government officials or approved spokesmen for quasigovernmental organizations receive permission to travel abroad.

The Refugee Crisis

One of the most tragic forms of human rights abuse in communist Vietnam over the past 10 years has been the continued loss of life from the mass exodus of refugees from Vietnam. Since 1975, as many as 1 million refugees have fled their native homeland to escape the brutal and repressive totalitarian regime. The majority of these refugees have risked their lives to escape the sweeping ethnic and religious persecution, discrimination with regard to economic and educational opportunities, fear of indefinite imprisonment or of forced resettlement in remote areas, and fear of conscription to fight in Cambodia and elsewhere. In early 1978, the Vietnamese adopted a program to "facilitate" the flight from Vietnam of their refugees by boat. At its height in the spring of 1979, the exodus, mostly of ethnic Chinese, reached over 40,000 a month by boat, with "boat people" exposed to brutal pirate attacks and other extremely cruel hardships at sea, in many cases resulting in death.

At the International Conference on Vietnamese Refugees held in Geneva in July 1979, the Vietnamese Government announced a moratorium on these refugee departures, and information from refugees who have left Vietnam since then indicates that the regime is now actively interdicting such boat departures (though many officials still assist those attempting to flee if sufficiently bribed). During the past several years there have been increasingly reliable reports of communist Vietnamese patrol boats firing upon and sinking helpless refugee boats attempting to flee clandestinely. Hundreds of those refugees have been killed and others captured and imprisoned as a result of these attacks.

In the past year, desperate refugees continued to flee Vietnam clandestinely. Hanoi and provincial radio stations have broadcast reports of executions and of lengthy jail sentences for organizers of failed escape attempts, as well as severe punishments dealt to others implicated. Currently, male offenders can expect sentences ranging from 3-15 years at hard labor—depending on their role in the departure attempt—while women receive 1-3 months, with childless women receiving longer sentences.

Those released from "reeducation camps" who attempt flight can expect to be returned to the camps for an indefinite term. Property, often including the means of livelihood, is confiscated from those caught trying to escape, as is the property left behind by those who succeed.

Nguyen Cong Hoan, former member of the National Assembly representing Phu Khanh Province, provided a poignant commentary regarding the refugee exodus from communist Vietnam during his testimony on July 26, 1977, before the House Foreign Affairs Committee:

Gentlemen, our people have a traditional attachment to their country, no Vietnamese would willingly leave home, homeland and ancestors' graves. During the most oppressive French colonial rule and Japanese domination, no one escaped by boat at great risk to their lives. Yet you see that my countrymen by the thousands and from all walks of life, including a number of disillusioned Viet Congs, continue to escape from Vietnam; 6 out of 10 never made it and for those who are fortunate to make it, they are not allowed to land. The reason for this determination is because they can no longer endure the total suppression of human rights and see no future for their children.

Conclusion

Certainly the Republic of Vietnam under President Nguyen Van Thieu severely restricted a number of fundamental freedoms of the Vietnamese people during the long and bitter course of the war. There is also little doubt that under the Thieu regime there occurred some serious human rights abuses, including the extralegal detention of a number of citizens and instances of torture of suspected subversives during the war.

Despite these abuses, the general human rights picture in the Republic of Vietnam was incomparably better than the current situation—the systematic killing and brutality by the Vietnamese since the takeover in 1975. Under this totalitarian state, the authorities continue to violate human rights on a dramatic and massive scale. Since 1975, tens of thousands of Vietnamese have been executed, tens of thousands more have lost their lives attempting to flee, and many more have perished slowly and agonizingly in the slow death euphemistically called "reeducation camps." Once the communists solidified their control, they immediately suppressed all vestiges of personal identity, individual expression, and thought. Even today those who resist the state's system of rigid control risk losing their lives and the lives of their families.

The outlook for political liberalization and human rights in communist Vietnam remains bleak, as the regime has evinced no perception of the value of individual rights and freedoms. Any improvement in the economy is likely to be extremely slow and is unlikely to be accompanied by any improvement of political or social freedom, given the

regime's commitment to create a totalitarian Marxist-Leninist state. As we enter a second decade of communist rule in Vietnam, the human rights respected before 1975 are a memory, and the brutal repression of today mocks the promises of liberation with which the Vietnamese communists misled so many in the West. ■

Accounting for American POWs/MIAs in Southeast Asia

by Paul D. Wolfowitz

*Statement before the Subcommittee on Asian and Pacific Affairs of the House Foreign Affairs Committee on June 27, 1985. Mr. Wolfowitz is Assistant Secretary for East Asian and Pacific Affairs.*¹

It is customary for an Administration official to open his statement to a congressional committee by expressing pleasure for the occasion and for the invitation to speak. In truth, I regret very much that 12 years after the United States withdrew its forces from Vietnam it is still necessary for a committee of the Congress to discuss this government's efforts to obtain the fullest possible accounting of American servicemen and civilians missing in Indochina as a result of the war there. If we had received from Hanoi the kind of cooperation that the dictates of humanity and the provisions of the 1973 Paris agreements gave us a right to expect, this issue would long since have been resolved and the questions of the families of those still missing long since have been answered. We have not yet received the level of accelerated cooperation we seek and which has been pledged by Hanoi since February 1984; therefore, it is still necessary for the Congress to take stock periodically on how we are carrying out our responsibilities and on what progress has been made. I appreciate the opportunity you have given me today to make such a report.

The President's Commitment

There is no necessity for me to reemphasize for you today the President's absolute commitment to resolution of this issue. He has made it a matter of highest national priority. The President has expressed himself on many occasions far more eloquently than I can on

his behalf. What I would like to emphasize, however, is that his commitment permeates every level of the executive branch, including in the Department of State. I would like to repeat some words by Secretary of State Shultz which serve to underline his own personal commitment, a commitment he makes abundantly clear to me whenever we discuss questions which touch on this issue. The Secretary, in an April 25 speech to the employees of the Department of State, said:

We owe all our Vietnam veterans a special debt. They fought with courage and skill under more difficult conditions than Americans in any war before them. They fought with a vague and uncertain mission against a tenacious enemy. They fought knowing that part of the nation opposed their efforts. They suffered abuse when they came home. But like their fathers before them, they fought for what Americans have always fought for: freedom, human dignity, and justice. They are heroes. They honored their country, and we should show them our gratitude.

And when we speak of honor and gratitude, we speak again of our prisoners of war—and of the nearly 2,500 men who remain missing. We will not rest until we have received the fullest possible accounting of the fate of these heroes.

As I am sure the committee is aware, however, if all it took was sweat and dedication by members of the U.S. Government under the current priority, this issue would be resolved. Though we need that effort and conviction, we cannot solve it by our own efforts. We must have the full cooperation of the Governments of Vietnam and Laos. We are pressing these governments for that full cooperation as a matter of highest national priority. I am confident that our efforts are determined and will continue to be so—the major obstacles are in Hanoi, not Washington.

Vietnam

The attitude of the Vietnamese Government is, of course, the single most important factor in resolving the fate of our missing men. Hanoi has agreed with us that this is a separate humanitarian issue, not linked to other matters which divide our four countries. Hanoi has also agreed to accelerate cooperation in its resolution. However, despite some encouraging signs, progress thus far is still painfully slow.

During the past year, several congressional delegations, including one which you yourself led, Mr. Chairman [Stephen J. Solarz], have visited Hanoi and have underlined the importance to Vietnam of its cooperation. Mr. Childress² and Mrs. Griffiths³ have met with the Vietnamese in New York and in Hanoi to urge greater progress and to discuss all aspects of the issue including practical cooperation. One result of these contacts was Hanoi's agreement in March to increase the frequency of meetings of technical experts from both sides from four to at least six annually.

These technical meetings are the principal locus for exchanges of specific information on particular cases regarding our missing men. They were regularly established when then Deputy Assistant Secretary of Defense Richard Armitage led a delegation to Hanoi in 1982. They have been interrupted from time to time but, during the last year, were held in August and October of 1984 and February and April of this year. We have tentative agreement with the Vietnamese to hold the next meeting in July, though the precise dates are still under discussion. The Vietnamese, during a February 1984 visit to Hanoi by Mr. Armitage, agreed to concentrate their efforts on the cases of those men listed as having died in captivity in the south and of those in the Hanoi-Haiphong area. This is the most heavily populated area of what was North Vietnam, and we believe that a serious focus on these cases can yield significant results.

Thus far, however, the actual results achieved have been disappointing. The Vietnamese turned over eight remains in 1984. Six of these have subsequently been identified as those of American servicemen. Thus far this year, the remains of six American servicemen have been returned to us. Two of these were among the 37 Americans on the list the Vietnamese provided us some time ago of those who died in captivity in southern Vietnam. We hope that, with the information we have provided in our policy level and technical meetings and

through their own efforts, the Vietnamese will be able to increase significantly the rate at which they repatriate remains to us. We believe it is in Vietnam's own interest to remove this obstacle between us and respond to the overwhelming sentiment of the American people.

One area of cooperation which has received much attention is that of joint excavation of airplane crash sites. The Vietnamese have taken our technical teams to visit two crash sites and have said that they are willing to conduct a joint survey of a crash site. Such a survey is a preliminary step necessary to determine the requirements of a full excavation. It is obviously a useful thing to do, but it is not an excavation. The Vietnamese have not, thus far, agreed to allow joint excavations of the type we carried out in Laos in February of this year but have indicated that they are considering our proposal to do so. We have urged them, in the absence of agreement to joint activities, to conduct their own excavations and have offered any technical advice they may require. We have also said we would pay for the reasonable direct costs of such excavations. I should note that, even in the absence of excavations, we are confident the Vietnamese are able to resolve many cases unilaterally.

I should add here that, eager as we are to conduct excavations or to have the Vietnamese conduct them, we must keep in mind that a great deal of information is already known to exist and that most of the men carried on our list of missing are not associated with aircraft crash sites. Many were lost in the course of ground combat, and others bailed out of their planes before they hit the ground. Thus, while the excavation of specific crash sites is something we would very much like to see carried out and would allow us to resolve many cases, it is not the answer to all of our questions. Other forms of cooperation are also necessary.

Another area of discussion recently is the suggestion that we should seek to establish a permanent POW/MIA [prisoner of war/missing in action] technical presence in Hanoi. Our interest is in resolving this question, not in haggling over form, but in our view, there appears, at present, to be inadequate justification to have our technical people in Hanoi on a continuous basis. Were circumstances to change and Vietnam's cooperation to increase significantly in

such a way as to require the more frequent or even continuous presence of our technical people, we would, of course, give the question serious consideration. We have always maintained a posture of doing whatever is necessary on a technical level to resolve additional cases. We would welcome Vietnam's demonstrating, through accelerated actions or detailed work plans at the technical level, a justification for such an initiative. A presence of this type would, of course, be entirely separate from the question of diplomatic relations.

In regard to diplomatic relations, we have made clear to the Vietnamese—and the President reemphasized our attitude in a speech earlier this month—that exchanges of Embassies and normal relations between our two countries must await a comprehensive political solution to the Cambodian issue which would include withdrawal of Vietnamese Armed Forces. We have also told the Vietnamese that the American people would not allow their government to consider establishing normal relations with them in the absence of full cooperation on the POW/MIA issue. I should emphasize that, in making this statement about the necessity for full cooperation, we are not attaching political conditions to what we believe, and Hanoi agrees, is an entirely humanitarian issue but are simply reflecting to the Vietnamese the deeply felt attitude of the citizens of this country—an attitude which I share.

Laos

In February, we carried out in Laos the first joint excavation of an aircraft crash site in Indochina since 1973. The Lao Government participated fully in the excavation, and the Americans who participated were extremely impressed with the spirit and effectiveness of Lao cooperation. Lao officials and a Lao work party did all that they could to see to it that the excavation was a success. We are highly gratified by this cooperation and look forward to its continuation.

Just how, and in what form, that cooperation will continue is, at present, an open question.

We have proposed to the Lao to conduct regular meetings in Vientiane to exchange information as we do with Vietnam in the technical meetings. The Lao have suggested that, in the first instance, they would prefer that these meetings be between officers of our Embassy and officials of the Foreign Ministry. We are prepared to proceed on that basis, though we hope, after the

Lao come to understand more completely the nature of the process, that they will agree to the participation of technical experts. We hope to have the first such meeting soon but have not worked out all the modalities. The Lao have agreed in principle to a visit by Lao officials to the JCRC/CIL [Joint Casualty Resolution Center/Central Identification Laboratory] facilities in Hawaii and indicated they have requested information on our missing servicemen from provincial and other authorities. We hope to see the results of such efforts soon.

It is our hope that through this process we will be able to continue the cooperative progress begun so well at Pakse and thus be able to recommend to the House and Senate that the aid ban be lifted with reasonable confidence that Congress will agree with that recom-

mendation. We have, in the meantime, modified our position in various international financial institutions providing project assistance to Laos to reflect our positive view of their cooperation in what we hope will be the first of a series of joint excavations and unilateral actions by the Lao in resolving the almost 600 cases in that country.

Cambodia

We are fully aware of the fact that 82 of the men carried on our list of missing were lost in Cambodia. The situation in that country since 1975 has precluded the cooperation which we have sought and partially achieved with Vietnam and Laos.

Today, Vietnam is in de facto control of almost all of Cambodia's terri-

tory. It has established a client regime in Phnom Penh called the People's Republic of Kampuchea, but it is Vietnam's army and civil administration that, in fact, is in charge. Given this effective control today and the fact that most of our missing men were lost during the war in border areas which were at the time in Vietnamese hands, we look to Hanoi to provide us with information on our missing men in Cambodia.

In 1984, and again earlier this year, officials of the Phnom Penh regime indicated a willingness to cooperate in searching for Americans missing in Cambodia. We have asked an international humanitarian organization, which has asked not to be identified, to inform the Phnom Penh authorities that it is prepared to transmit to us any information on Americans missing in Cambodia. To date, we have received no information from Phnom Penh.

We are in frequent contact with the two noncommunist Khmer resistance groups which, with the Khmer Rouge, make up the Coalition Government of Democratic Kampuchea. They are certainly cooperative but are not in a position, at present, to be likely sources of information. Therefore, though we keep our men missing in Cambodia very much in mind, we are not able, in present circumstances, to make progress toward the kind of on-the-spot effort which we have been able to make elsewhere.

Efforts With Other Governments

We continue actively to seek the assistance of other friendly governments which have significant relations with Vietnam to emphasize to the Vietnamese leadership the wisdom and humanity of cooperating in the resolution of this issue. For several years the governments of the Association of South East Asian Nations, or ASEAN, have sought to convey to Hanoi the need to be more forthcoming on this question. In recent months, UN Secretary General Javier Perez de Cuellar and Australian Foreign Minister Bill Hayden, when in Hanoi, have both taken this issue up at our request and urged Vietnam to increase its cooperation on this issue. Another statesman who has similarly intervened with the Vietnamese on this issue is Indonesian Foreign Minister Mochtar Kusumaatmadja. Foreign Minister Mochtar made a strong presentation in Hanoi in March and followed up in subsequent meetings with Vietnamese officials to continue to urge Hanoi to increase its cooperation. We are grateful for his constructive efforts.

National POW/MIA Recognition Day, 1985

PROCLAMATION 5356, JUNE 27, 1985¹

Since the Revolutionary War, America's men and women have made unselfish sacrifices to defend freedom. In each of America's wars, America's prisoners of war have faced extraordinary hardships and overcome them through extraordinary sacrifices. The bravery, suffering, and profound devotion to duty of our P.O.W.s and M.I.A.s have earned them a preeminent place in the hearts of all Americans. Their heroism is a beacon to follow forever. Their spirit of hope and commitment to the defense of freedom reflects the basic tenets of our Nation.

This country deeply appreciates the pain and suffering endured by families whose fathers, sons, husbands, or brothers are today still missing or unaccounted for. These families are an example of the strength and patriotism of all Americans. We as a people are united in supporting efforts to return the captive, recover the missing, resolve the accounting, and relieve the suffering of the families who wait. We accept our continuing obligation to these missing servicemen. Until the P.O.W./M.I.A. issue is resolved, it will continue to be a matter of the highest national priority. As a symbol of this national commitment, the P.O.W./M.I.A. Flag will fly over the White House, the Departments

of State and Defense, the Veterans' Administration, and the Vietnam Veterans Memorial on Memorial Day and Veterans Day.

By Senate Joint Resolution 87, the Congress has designated July 19, 1985, as "National P.O.W./M.I.A. Recognition Day." On this day, we recognize the special debt all Americans owe to our fellow citizens who gave up their freedom in the service of our country; we owe no less to their families.

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, do hereby proclaim Friday, July 19, 1985, as National P.O.W./M.I.A. Recognition Day. I call on all Americans to join in honoring all former American prisoners of war, those still missing, and their families who have endured and still suffer extraordinary sacrifices on behalf of this country. I also call upon State and local officials and private organizations to observe this day with appropriate ceremonies and activities.

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of June, in the year of our Lord nineteen hundred and eighty-five, and of the Independence of the United States of America the two hundred and ninth.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of July 1, 1985. ■

Southeast Asian governments in general have expressed understanding of, as well as sympathy and support for, our effort to resolve the question of our missing men. They have assisted our program of trying to screen all refugees and emigrants from Indochina for POW/MIA information. The Thai, Malaysian, Indonesian, Philippine, and Hong Kong Governments have been particularly helpful in granting special access for American POW/MIA specialists to enter camps housing refugees from Vietnam. Thus far, the Chinese Government, though it has assured us it will pass on any relevant information it gleans from Indochinese refugees coming into China, has not agreed to permit our specialists direct access to refugees there.

Interagency Effort

The Department of State is the chairman of the Interagency POW/MIA Group (IAG) and participates fully in the planning of American actions aimed at making progress on this issue. We have taken the lead in efforts to improve our overall relations with Laos, in developing a strategy to deal with the Vietnamese on this issue, and in approaches to other governments.

POW/MIA policy, under the President's leadership, is formulated by participating IAG members: the Department of State, the Department of Defense, including the Joint Chiefs of Staff and the Defense Intelligence Agency, the National Security Council, and the executive director of the National League of Families, whose long experience on this issue and depth of knowledge of family concerns has been invaluable. Staff members of the House and Senate also participate in the IAG.

We strongly encourage support from private Americans for our nation's POW/MIA efforts. Public support is the backbone of our policy. At the same time, we strongly oppose forays by private Americans in search of remains or prisoners. Such actions jeopardize the government-to-government efforts which are the only viable channel for resolution of the POW/MIA issue. In addition, it has been our experience that they often operate on fabricated or faulty information and, thus, only add to the misunderstandings and misperceptions involved in this issue.

Making progress on the POW/MIA issue clearly requires a long-term effort. The U.S. Government, supported by the

American people, can be successful in persuading Hanoi to cooperate fully on the POW/MIA issue. We must and will persevere until we can say to the American people that everything that can be done has been done to secure the return of any Americans who may still be held and account for our missing men. We owe it to those who served our country so well and who may still be serving, and we owe it to their families whose perseverance and whose

patriotism in this effort is a source of inspiration to all of us who share this obligation.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

²National Security Council staff member Richard Childress.

³Executive director of the National League of Families Ann Mills Griffiths. ■

International Competition, Trade Deficits, and National Policy

by Elinor G. Constable

Address at a luncheon sponsored by Sister Cities International during Los Angeles World Trade Week in California on May 20, 1985. Ms. Constable is Acting Assistant Secretary for Economic and Business Affairs.

We are in the midst of an economic paradox. The U.S. economy is in its third year of expansion. Eight and one-half million jobs have been created since the trough of the recession 2½ years ago—a record that is the envy of the other industrialized countries. Investment is strong. The productivity of our workers is on an upswing. Inflation remains under control. Foreigners rush to invest in dollar assets.

However, at the same time that it is growing and prospering, the U.S. economy is beset by increasing pressures from foreign competition. Trade deficits are shattering all records. Net indebtedness to foreigners is rapidly growing. Massive and painful structural changes are being forced on U.S. industry. Jobs are being lost in sectors hard hit by foreign competition—in both export and import-competing sectors. News stories of U.S. producers moving manufacturing facilities abroad appear. Calls for protection from import competition are increasing in volume.

These problems are raising doubts in the minds of many about whether we are still benefiting from the international trading system. Do these trade deficits mean that others are getting the fruits of trade at our expense? Is the United States somehow being "taken" by its foreign trading partners? Are our traditional free trade policies a failure in

the face of foreign unwillingness to "play the game fair"?

What should be the U.S. policy response?

The Trade Deficit

Let me start with the merchandise trade deficit. Substantial trade deficits have been around for a number of years—during the period 1977–82 the deficit fluctuated in a relatively narrow range around \$40 billion. However, in 1984 it was \$123 billion, nearly three times the level of only 2 years earlier. Export earnings last year covered less than two-thirds of the cost of our imports. Our surplus on services' earnings, including investment income, covered some of that gap, but, in the end, we ended up with a deficit on current account of over \$100 billion.

What does this mean? Of course, it is simplistic and wrong to conclude that we are making losses on our international trade business and, thus, ought to get out of international trade. U.S. exporters were still profiting from their overseas sales, and U.S. consumers were still benefiting from imports through lower prices and higher real incomes. In short, we were still reaping the real benefits that international specialization is well understood to bring.

On the other extreme, some people argue that a trade deficit benefits us since our internal consumption becomes higher than our production. However, this position, too, is simplistic and incorrect: these goods, it must be remembered, are not gifts—the import excess is essentially sold to us on credit.

Finally, the common view that a trade deficit of X billion dollars necessarily means a net loss of Y million jobs for the economy as a whole is also simplistic and wrong. Let us look at recent years: during the first six quarters of the current expansion, up through the middle of 1984, the U.S. trade deficit was widening, but because domestic demand was growing so rapidly, the economic recovery was still strong, employment was expanding rapidly, and the unemployment rate falling. Expansion of output and employment was probably the maximum that could have been sustained on a sound basis, so the widening trade deficit did not represent a net job loss.

On the other hand, since mid-1984, real growth has slowed while the trade deficit has continued to increase somewhat. Employment has continued to expand, but the unemployment rate has leveled off. A better trade performance might have helped growth and employment. It is clear that, depending on circumstances, shortrun trade movements can affect shortrun employment growth. However, a satisfactory level of overall employment can be achieved with either a surplus or deficit on trade.

In sum, the benefits to a country from international trade cannot be measured by the trade surplus or deficit. Despite our deficit, we are still getting major benefits from our participation in the international trade system.

What the trade deficit does mean, however, is that the United States is absorbing more production from the rest of the world than it is supplying. The resulting current-account deficit is financed through a net capital inflow—an increase in foreign claims on the United States that exceeds the rise in our claims on other countries. We may enjoy our credit card purchases now, but an increasing proportion of future U.S. production will need to be sent abroad as the real resource counterpart of net incomes earned by foreign investors.

It is neither uncommon nor necessarily undesirable, of course, for a country to import capital to cover an insufficiency of domestic saving relative to domestic investment opportunities. This strategy envisions paying foreigners future income out of future returns from the investments they finance. The United States (and many other countries) did this advantageously at earlier stages of development. But the question is: why is the world's richest country doing this? Why do we need to borrow to finance our investment?

Reasons for the Deficit

A growing trade deficit may simply mean that a country's growth is particularly strong compared to those of its partners, with a more rapidly expanding economy providing a more buoyant market for foreigners than their markets are providing for us. And, in fact, the strength of the U.S. economic recovery compared to that of the other industrialized countries' economies probably accounted for roughly one-quarter of the widening of the trade deficit between 1980 and 1984.

Severe economic problems abroad can also contribute to a deficit. And, indeed, lost exports to countries suffering from the acute international debt crisis are estimated to have contributed somewhat less than a quarter of the 1980-84 trade deficit increase.

If these were the only sources of the U.S. trade deficit, I would probably not have chosen this as a topic today. Trade movements stemming from cyclical fluctuations and financial problems are part of the normal adjustment process and tend to even out over time. And, in fact, we now see a slowdown in the U.S. economy, strengthening recovery abroad, and recovery of key LDCs [less developed countries] from financial crisis—all factors tending to reduce our trade deficit.

However, these factors alone accounted for roughly \$40 billion—just a third—of last year's trade deficit. And they do not account for the other manifestations of competitive pressure on the U.S. economy, such as increased import penetration across a wide range of industries and a loss of U.S. export-volume share to foreign competition. These losses have often had severe adverse effects on output and employment in those sectors of our economy most susceptible to foreign competition.

Sources of Competitive Pressure

What are the sources of competitive pressure on U.S. industry? Some competitive pressures result, in the normal course of events in a dynamic world economy, from shifting patterns of comparative advantage. As countries develop and mature they move into new lines of production and exports. The accumulation of capital, new technologies, and product innovations abroad may make nations internationally competitive in a new product line, and their exports can put pressure on existing producers elsewhere. While we may wish to protect ourselves from disruptive import surges, it is in our longrun interest to adjust to these changing conditions by

either increasing our own competitiveness in these product lines or moving resources into other areas where our comparative advantage resides. While such adjustment is painful for the affected industries in the short run, the process is the mechanism through which the benefits of economic advance in one country are shared internationally. Certain U.S. industries are finding this adjustment very difficult and painful, but we should not confuse their plight with the problem of the overall trade deficit.

Other countries may also try to expand exports in certain sectors where they lack an underlying comparative advantage through the use of various forms of subsidies—subsidizing export credits, capital costs, or exports directly. Such practices, seen as a tool of development for some countries, create distortions and inefficiencies in the international economy as well as in their own economies. We attempt to counter the effects of such practices through unilateral actions such as countervailing duties and multilateral actions such as international negotiations. These strategies could provide the topic for a whole new speech, so I won't go into them further here. My point, once again, is that foreign subsidies, undesirable though they may be, do not account for any significant portion of the U.S. trade deficit.

The Strong Dollar

The high foreign exchange value of the dollar, of course, is by far the most important source of competitive pressure on U.S. industry and the main factor in the growing trade deficit. By raising costs and prices of U.S. goods relative to those abroad, the appreciating dollar has put U.S. producers at a major disadvantage in world trade. Although the dollar's strength has recently subsided somewhat, it is still extraordinarily strong by historical standards, particularly against the European currencies. Compared to 1980, the dollar's value in April was up by about 70% against the West German Deutsch mark, 88% against the British pound sterling, and more than 120% against the French franc. Against the Japanese yen, it was up about 12%. The Federal Reserve Board calculates the average increase against the currencies of other industrialized countries on a trade-weighted basis to have been more than 70% over the same period. The increase in the real effective exchange rate (taking into account relative inflation rates) was about 60%.

Traditionally, economists would have expected that the large appreciation of the dollar would have been not only halted but reversed by the skyrocketing trade deficit. Instead, through the early months of this year, the dollar continued to soar as a result of climbing net capital flows into the United States. In other words, capital flows have been the driving force in the foreign exchange markets. They have produced the strong dollar and the competitive pressure on U.S. industry; the trade account has adjusted to the flow of capital through the exchange-rate mechanism.

In sum, why are there such large trade deficits? Why is the dollar so strong? Why should the United States be importing so much capital from the rest of the world? These are all essentially the same question.

The net inflow of capital into the United States is a reflection of the excess of our domestic investment over our internal saving net of the government deficit. It is also the reflection of the excess of foreign saving over investment abroad. So analysis of the strength of the dollar can be considered under two headings.

First, why is investment in the United States so profitable relative to investment abroad?

Second, why does the United States, with its high level of income, not generate enough internal saving to finance its own investment?

The answer to the first question is largely a reflection of things we have done right in the United States and the things other countries have not done so well. Our success in bringing down inflation, our commitment to a market-oriented economy, and our efforts to reduce the burden of overregulation on U.S. business have all helped to allocate U.S. capital toward its most profitable uses and to increase the attractiveness of investment in the U.S. economy. Probably the most important single factor in stimulating investment in the United States has been the 1981 U.S. tax legislation, which greatly increased the after-tax profitability of investment in our country.

In other countries, the burdens of taxation and regulation tend to be heavier and the commitment to a market-oriented economy less strong. Success against inflation has been uneven among countries. In some, political instability and financial crisis have driven away investors. All these factors improve the relative attractiveness of investment in the United States.

On the investment side, then, other countries need to do a great deal more to improve the investment climates at home. That kind of improvement would not only help their own economies; it would also help to achieve a more realistic and sustainable exchange rate for the dollar.

On the saving side, however, it is the U.S. economy which is deficient. U.S. private saving as a percent of GNP [gross national product] has been consistently low relative to those in other OECD [Organization for Economic Cooperation and Development] countries. For example, in 1983, according to OECD definitions, U.S. private gross saving was just 21% of GNP, compared to an average in other OECD countries of almost 27%.

Moreover, of the \$730 billion in U.S. gross private saving last year (including the surplus of state and local governments), about \$176 billion—or about a quarter—was absorbed by the Federal Government deficit. Calculated on a basis net of capital consumption allowances, the proportion absorbed by the deficit was over 50%.

It is, then, the combination of these factors—the relative attractiveness of the U.S. economy as a place to invest, a relatively low private saving propensity, and the absorption of a large portion of this saving in the government deficit—that brings in so much capital from abroad.

We do not need to apologize for our attractiveness to investment. Our low rate of private saving is a deep-seated phenomenon—reflecting such factors as the attractiveness of consumer credit and our tax structure—which may be difficult to change substantially. But a country with these conditions should not be absorbing so much of its limited saving into financing the public deficit. A high-income country such as the United States should not be financing 40% of its net investment with funds from abroad. And U.S. industry should not be laboring under such strong competitive pressure as the market works to adjust our current account position to this capital inflow.

Proposed Solutions to the Trade Deficit

Let me touch on three kinds of proposals often put forward as a solution to our trade difficulties.

- First, import restrictions: it should be clear from what I have said that import restrictions do not address the fundamental forces producing the

trade deficit. It is probably also clear that trade restrictions would bring all kinds of harmful effects—higher inflation, loss of consumer welfare, foreign retaliation against our exports, and so forth.

It may be less clear to some why trade restrictions would be an ineffective means of dealing with the trade deficit—except perhaps in the very short run. Imagine the best possible (but very unlikely) case—that foreigners do not retaliate against U.S. exports. Imports would decline as a result of these restrictions, and the trade deficit would initially improve (at high cost to the U.S. consumers). However, given present factors determining capital flows, the reduced trade deficit would produce further appreciation of the dollar as international investors bid up the price of dollars, fewer of which are being earned in U.S. markets. As a result, imports would be stimulated and exports depressed, and the trade deficit would tend to widen again—much pain, no gain.

- A second proposed solution is to pressure other countries to open their markets further to U.S. goods. Presently, much of this attention is focused on Japan and also on the European Community for our agricultural goods. The U.S. Government has made, and is making, major efforts in this direction. To the extent they prove successful, our efforts will increase economic welfare both here and abroad. Both Japanese and European consumers would gain, as would U.S. producers. But with capital flows still driving the exchange rate, the underlying trade deficit is not likely to be substantially reduced.

- The third proposed solution to the trade deficit problem is intervention in foreign exchange markets in an attempt to drive down the dollar. The problem here is that feasible intervention is so small relative to the massive size of capital movements in the world economy. Intervention can hope only to smooth out short-term fluctuations or, perhaps, to prick a speculative bubble. But intervention would not be effective against the fundamental forces driving the dollar's strength.

The dollar, of course, could run out of steam of its own accord if international investors lost faith in the U.S. economy. Then the decline in the dollar could be precipitous and disruptive. However, barring some drastic event, such as a sudden adverse turn in U.S. policy or economic prospects, such a damaging decline does not seem very likely.

More likely would be a gradual decline in the dollar as U.S. net indebtedness cumulates and as our need to pay out investment income to the rest of the world grows, gradually weighing down the dollar's exchange value. Surely this is an undesirable way to improve our trade balance—to be forced to export more and more and import less and less in order to pay growing net debt service.

The longer these imbalances persist, the greater will be the adjustment costs as resources are forced to shift out of sectors made less competitive by the strength of the dollar. In the longer term, if increasing debt-servicing requirements cause the dollar to depreciate or if international investors lose their appetite for more dollar assets or find more plentiful attractive investment opportunities abroad, resources may have to shift back into these same sectors. This in-and-out shift would be a wasteful and painful process.

Conclusion

Therefore, the sooner we begin to tackle our fundamental problems the better. What must we do?

- Countries abroad must improve their investment climates and raise their levels of domestic capital formation.
- The United States must reduce its budget deficit to free domestic private saving to finance more of our own capital investment or to invest abroad.
- The United States must also search for ways to increase private saving. Tax reform can help in this connection.

Finally, while dealing with these fundamentals, we must resist the temptation to attack the symptoms. Protectionism is not the answer. Monetary manipulations are not the answer. Removing the imperfections—and there are many—of the international trading system will involve long and difficult negotiations. We are vigorously pursuing these efforts. But the frustrations of these negotiations and of the persisting trade deficit—and the deficit will inevitably persist for some time—must not make us lose patience. We must understand that we have a great deal more to lose than to gain if, out of frustration with these problems, we turn our policies inward and forsake the international trading system. ■

Can Free Trade Restore the U.S. Balance of Trade?

by Robert J. Morris

Address before the Valley International Trade Association in Los Angeles, California, on May 21, 1985. Mr. Morris is Deputy to the Under Secretary for Economic Affairs.

Can free trade restore the U.S. balance of trade? The short answer to this question is both yes and no. The longer answer goes something like this: by itself, no; but it is only through open trade that we can assure that we remain competitive and capable of restoring balance in our external accounts when other developments permit it.

Thus, the real question is: what must happen in order to permit restoration of that balance? Or, put another way, how did we ever get here in the first place?

The explanation of why we have a large trade deficit is relatively straightforward.

First, the strength of the U.S. recovery over the last 2 years, compared with the relatively more modest growth of our main trading partners, has resulted in more rapidly rising demand in the United States than abroad. Coupled with exchange rate movements, this has the result of pushing up imports faster than exports, producing a rising deficit.

Second, and most important, the rise in the value of the dollar against other currencies has made imports more competitive in our market and exports less competitive abroad. The strong dollar has probably accounted for the lion's share of the deterioration in our trade balance since 1980.

The U.S. Budget Deficit

For many people, the analysis ends at that point or just shortly beyond it. The explanation, they allege, lies with the U.S. budget deficit. The deficit has driven interest rates up, and high interest rates have, in turn, attracted inordinately large amounts of capital from abroad. These capital flows have dwarfed payments associated with trade in goods or services and have acted to force the exchange value of the dollar higher and higher despite the rising demand for other currencies resulting from the large trade deficit. Like the familiar fable about how the battle was

lost for want of a nail, all of our ills can be traced to the budget deficit.

This analysis usually leads to a series of recommendations which start with a determined effort by the Executive and Congress to bring the deficit down (by spending cuts if possible, by tax increases if necessary).

However, recognizing that this may take time or may prove politically too difficult, most of those holding to this analysis then offer other solutions, which vary from appeals to governments and central banks to cooperate to "cap" the value of the dollar—either by direct, preferably coordinated, intervention on the exchange markets or employment of more sophisticated devices such as foreign currency borrowings or encouragement of the development of intercentral bank balance settlement in currencies other than the dollar. In its most extreme form, these prescriptions call for the establishment of a system of "target zones" within which currencies would be allowed to fluctuate (and kept there through coordinated intervention), subject, if necessary, to periodic parity adjustments; in short, a return to a more or less fixed exchange rate world.

I can certainly agree that the budget deficit is at least *a*—if not *the*—most serious economic problem this country faces. However, I must respectfully disagree with those who give it pride of place as the main, if not sole, cause of a strong dollar. Bear with me a while, and I hope to be able to make some sense of that rather heretical remark.

Interest Rates and Dollar Strength

Let's examine the conventional explanation for a strong dollar that I outlined earlier: the budget deficit causes high interest rates, which cause large inflows of capital, which push up the dollar, etc.

Now, as I suggested earlier, there are several reasons why a large and persistent budget deficit is bad, but causing high interest rates is not one of those reasons. I would not deny that budget deficits have a marginal effect on interest rates, but it is not a determining one. There are fundamentally four reasons why interest rates have been exceptionally high in recent years.

- First, after almost two decades of a virtually uninterrupted upward trend in inflation in the United States, it will

clearly take some time to convince savers and lenders that inflation has been beaten back permanently. It's like Mark Twain's statement that quitting smoking was easy; after all he'd done it himself at least five times in the past. Thus, with inflation there is first the problem of convincing the market—in effect, savers—that it's down for good; in other words, reducing inflationary expectations.

- The second reason why interest rates are high has to do with what really matters: monetary policy. Monetary policy—not fiscal or budget policy—causes inflation, and movements in money supply are probably the single most important factor influencing interest rates. When the closely watched M_1 measure of money supply grows either too rapidly or too slowly, it creates uncertainty in the markets over the future direction of Federal Reserve policy. Another source of uncertainty, related more to inflationary expectations in the longer term, may, indeed, be the possibility that large future budget deficits will be financed by inflationary money creation. Uncertainty results in the charge of a risk premium over what supply and demand for credit would otherwise dictate.

- The third reason for high interest rates has to do with the competition for savings in the market. Apart from housing, there are basically two ways that savings can be invested: they can be used to buy equity in U.S. businesses, or they can be invested in financial instruments. Individuals can express their preferences (and expectations) by buying stocks or putting their money in debt instruments. For an American investor, what matters is the after-tax real rate of return. If you raise that on business investment in plant and equipment (and thus make stocks more attractive because of the higher after-tax profit possibilities), then you will find that the rate of return on debt instruments (e.g., corporate or government bonds) must also rise to remain competitive for savings in the market. And that is precisely what happened in 1981 when Congress passed the Economic Recovery Tax Act, with its accelerated cost recovery system and a more generous investment tax credit.

- These three points are what one might call the structural reasons why interest rates have been relatively high over the last 4 years. There is also a cyclical reason for strength during the last 2 or 3 of those years. During a strong economic expansion, such as we have been experiencing since the latter

part of 1982, the demand for credit naturally rises as both producers and consumers seek financing for the purchases they now want to make. Unless the supply of savings expands proportionately, the added demand will naturally push up the cost—in this instance, the cost of credit or the interest rate.

To the extent that government borrowing is a factor in that demand, it helps sustain interest rates at levels which are somewhat higher than would be the case in the absence of such borrowing. However, it would be wrong to conclude that, had there been a more balanced budget, interest rates would have been lower and the expansion more vigorous. Tax revenue would probably have been higher and the deficit lower if there had been no tax cut. However, those same cuts provided major incentives to new business investment, and it is difficult to believe that growth would have been as strong without that factor.

No matter which explanation of high interest rates you find most appealing, it is reasonable to expect that rates will begin to decline as demand tapers off to a more sustainable level. Indeed, there is already evidence that this has been happening recently as short-term rates have been trending down. Long-term rates may be stickier because of the structural aspects I've mentioned, but these, too, cannot resist the reality of dramatically subdued inflation forever.

Effects of Capital Inflows

If you are still with me and can agree that, at least perhaps, there are other factors than the budget deficit which might explain high interest rates, let's look at the other elements of the conventional analysis. Is it, for example, true that capital has been attracted to the United States mainly because of high interest rates?

The answer here, too, I must warn you, is no; or at least not proven. The usual analysis says that capital is attracted to the United States because of high interest rates and that this accounts for most of the dollar appreciation we have seen over the last 3–4 years. If that were true, one would assume that as the differential favoring U.S. over foreign interest rates decreased, capital should flow back toward other currencies and pressure on the dollar should ease. However, the facts tell a different story. To take just two examples:

- Over the last 4 years, the interest rate differential favoring dollar assets over deutsch mark assets moved by six percentage points against the dollar; yet the dollar appreciated by about 60% against the mark during that time.

- In 1980, U.S. short-term interest rates were seven percentage points above French rates. By December of last year, U.S. rates had fallen below French rates. The swing against dollar assets in this case was nine percentage points; however, the dollar today is up by over 100% against the dollar/franc rate in 1980.

The only reasonable conclusion from these and similar facts of recent history is that something besides interest rates determines the direction in which capital moves and, in this case, the strength of the dollar. Indeed, even the usual analysis that has the United States draining savings from the rest of the world is highly suspect.

There are two striking facts about the U.S. surplus on international capital accounts over the last 4 years.

First, demand for the dollar (i.e., annual increases in foreign claims on the United States, or capital inflow) has been remarkably constant over the whole period since 1980, involving inflows on the order of about \$100 billion net each year.

Second, there have been striking changes on the other side of the U.S. capital account—that is, in capital outflows. During 1981 and much of 1982, these more or less offset the rise in inflows which began in 1981. However, beginning in 1983 and continuing through last year, these outflows started to drop dramatically, creating a larger and larger net surplus in our capital account movements and, thus, strong upward pressure on the dollar. The question is, why?

Again, there is no single answer, and the reasons differ from one year to the next. However, in very broad terms, the main factor appears to have been a significant drop in lending abroad (a capital outflow) by U.S. banks, which began in 1982. This was most likely due to the onset of the international debt crisis that year and a decision by commercial banks that greater prudence in new lending was necessary. Just how dramatic was the drop in such lending can be gauged by the fact that the increase in bank claims on foreigners went from about \$110 billion in 1982 to only \$6 billion in 1984. This alone would account for most of the increase in the

capital account surplus (or current account deficit), given the fact that inflows remained fairly constant throughout these periods.

Other factors at play also contributed to the maintenance of a high level of capital inflow. Basically, they boil down to a judgment by both Americans and foreigners that investment opportunities—whether in plant, equities, or debt instruments—were better in the United States than most anywhere else. The open U.S. capital market makes it possible for foreigners to invest here. Clearly, many made that choice.

Though the individual capital flow components varied between 1983 and 1984, the main message was clear: Americans were not investing or lending abroad as heavily as they had in the early 1980s, and the net result was a dramatic increase in our capital account surplus. This had to be balanced by an equal increase in our current account—essentially our trade—deficit; it came about through a rise in the value of the dollar.

Reducing the Trade Deficit

Now, if these facts explain why the dollar has risen so much in value and, thus, why the trade deficit has increased, the next question we ought to be asking ourselves is what needs to be done to bring about a fall in the trade deficit.

Again, the conventional solution is to manipulate, one way or another, the exchange rate or international capital transactions or both. Since the dollar has been declining recently from its historic highs in February of this year, it is not immediately clear whether those who advocate vigorous exchange market activity by governments want us to force the dollar down further or keep it from falling too rapidly or both. Just to restate the Administration's position on such efforts, it is as follows:

- We concluded in April 1983, after a study conducted in conjunction with our economic summit partners, that exchange market intervention has not and could not alter the trend direction of a currency's movement. This reflects factors determined by domestic policies and the market, and intervention can only affect currency values in the very short term.

- However, intervention, especially coordinated among the main central

banks, may be useful in countering erratic movements in the short term, and we are prepared to engage in it when we believe it would be helpful.

If both we and our main partners (with the possible exception of France) have concluded that intervention will not affect fundamental movements of currencies, then I believe it would be more constructive to look away from solutions which would entail large-scale resort to such devices and look instead toward solutions which may affect the fundamentals themselves. Thus, the question really becomes: what are those fundamentals?

This brings us back to where we began with a judgment that our trade account is affected mainly by the relative strength of economic expansion in the United States and our principal foreign markets and by the exchange value of the dollar. The two are interrelated. If growth begins to taper off in the United States and/or accelerates abroad, pressure on the dollar will begin to ease, demand for foreign products in the United States will fall off, and rising demand abroad will begin to spill over into U.S. order books.

How does this happen? Mainly, if not exclusively, through changes in savings and investment patterns, both in the United States and abroad. The inescapable fact is that the current account (mainly trade) deficit is equal to the excess of domestic investment over domestic savings, which must be made up by net foreign investment in the United States, as it has been over the last 2 years. And here, interestingly, we come back to the role of the budget deficit—and the only legitimate one it does have in all this business. Total government borrowing (which, of course, includes the surpluses generated by state and local authorities) is a claim on gross savings along with gross private investment. Net foreign investment in the United States (or the current account, which it equals) is, broadly, the sum of gross private savings minus government borrowing minus gross private investment. In years when this sum is positive (i.e., savings exceed the other components), we have a trade surplus; when savings are less than government borrowing and domestic investment, we have a trade deficit. It thus behooves us to ask what is likely to happen to these aggregates in the years ahead and what, if anything, government should be doing about it.

U.S. Government's Role

It may surprise you to hear that I believe there is something government can do about it, but that something is not intervention on the exchange market. At best, that can only deal temporarily with the effects of the macroeconomic policies that produce imbalances between savings and investment. Far better, and more useful, that we see if we can do anything about the causes.

First, therefore, what is the immediate outlook? Your guess is probably as good as mine, but I would venture to guess that as the U.S. recovery tapers off to a more sustainable rate of growth in 1985, it is not unlikely that the great surge in investment which occurred through 1983 and 1984 will also moderate. Therefore, if gross savings remain relatively strong (and they should, even if investment tapers off) and Congress and the Executive reach agreement on a significant cut in spending, the chances are that we could see a gradual decline in the real trade deficit setting in as the year goes on.

It is virtually impossible to predict whether these developments would significantly affect the value of the dollar and, if so, how much. It would be reasonable to expect that as growth tapered off here, and especially if it increases abroad, the net effect should be a resumption of investing and lending abroad by Americans and perhaps (though not necessarily) a reduction in the high rates of investment by foreigners in the United States. These developments would probably result in a decline in the dollar, but there is no reason to assume it would be precipitous. Providing the Federal Reserve maintains a noninflationary policy of moderate growth in money supply, the United States will remain a good bet for future returns on investment and an attractive place to put one's money.

That may be a more or less plausible scenario for the year or so ahead, but it is hardly a policy. Thus, the question remains, what should government be doing to assure a healthy economy and a strong, stable currency in the future?

There are basically three things we should do, and one thing we shouldn't. First, the measures we should take:

- We should put in place a deficit reduction package this year that will cut the rate of growth in spending in the years ahead and thus bring the budget deficit down to a manageable percentage of future gross national product.

Everyone interested in restoring better balance in our foreign trade accounts has a strong interest in the success of this effort this year, not because it may or may not have an effect on interest rates—which may or may not induce capital inflows and a strong currency—but rather because it will permit us to use more domestically generated savings to finance domestic private investment.

In the same vein, we should also proceed with fundamental reform of the U.S. tax system—among other reasons, to remove some current tax-induced distortions in the use of investment resources and a bias in the present system that excessively favors borrowing over saving. A tax structure which makes saving attractive assures that resources will be available domestically to finance rising levels of domestic and international investment and, thus, higher prosperity both at home and abroad.

- Third, we should proceed with preparations this summer to launch a new round of trade negotiations early next year, as most participants at this year's economic summit in Bonn agreed was necessary. By the same token, we should press ahead with bilateral negotiations currently underway with Japan, and with others who may express an interest in the future, designed to open markets at a more accelerated pace than is likely to be achieved in a new multilateral trade round. The reason is not that greater market openness abroad will change the overall U.S. trade balance; that will only happen as a function of macroeconomic policy changes affecting savings and investment relationships. However, a removal of trade barriers abroad could lower the cost of consumption and investment goods and services overseas so as to encourage greater outlays for investment and/or less savings in countries like Japan which are running large trade surpluses. This would have positive feedback effects on U.S. savings and investment levels.

Finally, what we should not do: we should not raise taxes that would discourage either additional savings or investment in the plant and equipment which are needed for future output. Other things remaining equal, it is likely that raising taxes on business investment will lower interest rates (for the same reason that, as I noted earlier, raising the after-tax real rate of return through the 1981 tax cuts also raised interest rates at the time). However,

lower interest rates in themselves assure neither additional investment nor future prosperity; only additional investment does that, and raising taxes on it is hardly the best way to assure more investment in the future.

The combination of these policy preferences will, in time, produce a more sustainable trade and capital account position for the United States at whatever dollar exchange rate is required to balance the difference between savings and investment, either net domestic or net foreign. If we as a society save more, we can invest more both at home and abroad and enjoy a stronger current account position. We have in the past, and there is no reason to believe we will not be able to do so again in the future. Thus, the real issues we need to face are:

First, are we ready to give up some of the special preferences in our current tax code that discourage higher rates of savings?

Second, do we have the courage to resist the intense pressures building on us from all sides to lash out in frustration and close our markets to foreign imports just as we have in sight the end of the problem?

U.S. Trade Policy at the Crossroads

This brings us full circle to the question posed at the beginning: can free trade restore the U.S. balance of trade? My longer answer earlier was: by itself, no; but it is only through open trade that we can assure that we remain competitive and capable of restoring balance when other developments permit it. I have defined those "other developments" as, essentially, balance between savings and investment at home and greater convergence in economic performance between us and our main trade partners.

However, we are at a crossroads on trade policy in this country, and our choice will be crucial to our prospects for a healthy economy in the years ahead.

Down one road, we would move inexorably toward protection, a less competitive and dynamic economy, high wages for a few and lower incomes for most, and higher unemployment for all. Any action to close our markets to foreign products or services risks pushing us down that road, though sometimes it is necessary to deny our markets to dumped or subsidized imports in order to strengthen the discipline and credibility of a fair and open system. We must be ready to do

that when necessary, but we must be especially vigilant against the temptation to use an alleged (or even real) lack of fairness as an excuse for just another dose of heady protectionism.

Down the other road, we will be asked to be imaginative in competing and resourceful in creating new jobs and opportunities to compensate for those lost from fair competition from abroad. It is not an easy road, but we as a nation have walked it many times before in our past, with one major difference. We traveled it before because changes internal to our own society demanded it; whether adjustment was forced upon us by the opening of the West, the coming of the railroads or the automobile, or the wholesale shift of industries from one part of the country to another, Americans met and overcame the challenge and were better off for it. The fact that the challenge today is mainly from abroad rather than internal is not different in effect, only in cause. I am confident we can overcome this one, just as we have those of the past, if we have the wisdom to define correctly what the challenge is and the determination to meet it that is grounded in the common sense of a free people. ■

Baltic Freedom Day, 1985

PROCLAMATION 5352, JUNE 14, 1985¹

This year marks the 45th anniversary of the United States non-recognition policy by which our government refuses to recognize the forcible Soviet occupation of Estonia, Latvia, and Lithuania. It has been 45 years since the dark year of 1940 when invading Soviet armies, in collusion with the Nazi regime, overran these three independent Baltic Republics.

The atrocious character of the Soviet oppression was shockingly illustrated by the imprisonment, deportation, and murder of close to 100,000 Balts during a four-day reign of terror June 14–17, 1941. The suffering of this brutal period was made even worse when Nazi forces struck back through these three states at the beginning of the Nazi-Soviet war and instituted a civil administration under control of the nefarious Gestapo. Due to Soviet and Nazi tyranny, by the end of World War II, the Baltic nations had lost twenty percent of their total population.

Today suppression and persecution are the daily burdens of the Estonian, Latvian, and Lithuanian people. Soviet policies are

specifically targeted toward the very ethnic life and historical heritage of the Baltic nations. Russification takes place under many guises: forced relocation, expanded colonization by Russian immigrants, and heavy pressure against the indigenous religious, cultural, and social traditions.

Yet despite this crushing system, the Baltic peoples courageously continue to resist amalgamation by pressing for their national, political, and religious rights. Peaceful expression of demands through the underground press, petitions to government officials, demonstrations, the activities of the Catholic Church and other religious denominations, Helsinki monitoring groups, and committees to defend the rights of religious believers command the admiration of everyone who loves and honors freedom.

Significantly, the defense of national and personal rights is led not by those who grew up during the years of independence, but by a new generation born and raised under the Soviet system. The message of these heroes, both young and old, is: "You, our free brothers and sisters, are our voice to the free world. You must not cease to inform the world of what is being inflicted upon us here behind the Iron Curtain, for it is from your efforts that we get our strength to survive."

All the people of the United States of America share the aspirations of the Baltic nations for national independence. The United States upholds their rights to determine their own national destiny, free of foreign interference. For 45 years, the United States has not recognized the forcible incorporation of the Baltic States into the Soviet Union, and it will not do so in the future.

The Congress of the United States, by Senate Joint Resolution 66, has authorized and requested the President to issue a proclamation for the observance of June 14, 1985, as "Baltic Freedom Day."

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, do hereby proclaim June 14, 1985, as Baltic Freedom Day. I call upon the people of the United States to observe this day with appropriate ceremonies and to reaffirm their commitment to the principles of liberty and freedom for all oppressed people.

IN WITNESS WHEREOF, I have hereunto set my hand this fourteenth day of June, in the year of our Lord nineteen hundred and eighty-five, and of the Independence of the United States of America the two hundred and ninth.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of June 17, 1985. ■

U.S. Diplomacy and the Search for Peace

by Michael H. Armacost

Address before the Council on Foreign Affairs in Baltimore on April 24, 1985. Ambassador Armacost is Under Secretary for Political Affairs.

The Chinese ideograph for the word "crisis" has two characters; one means "danger," the other "opportunity." Without suggesting that we face a crisis overseas, I would like to focus this evening on some foreign policy opportunities. In making foreign policy, the trick is to stay ahead of events, to shape them in accordance with our objectives and values. Warding off dangers and capitalizing on opportunities are two sides of the same coin. The months ahead present us with some special opportunities for at least three reasons.

- For the first time since Vietnam, the United States has a President with a strong mandate for a second term. The Soviet Union has recently had a change of leadership, and we have resumed arms control discussions with the Soviets in Geneva. This conjunction of events alters the context for East-West relations.

- Second, we are in a better position than we have been for many years to take advantage of diplomatic opportunities. In Soviet parlance, "the correlation of forces" has been shifting in our favor. The sustained increases in our defense spending have begun to restore our position in the strategic balance. The resilience of our economy lends strength to our diplomacy. Our alliances are in solid shape. Our ideas—democracy and the free market—have renewed appeal even in the Third World.

Conversely, a new Soviet leadership faces a Soviet economy that resists modernization; Moscow's allies are restless; its adventure in Afghanistan is a psychological and material drain and complicates its relations with the non-aligned. The Soviet Union has little to offer the Third World save military hardware—scarcely a relevant response to the problems of drought and famine in Africa, debt in Latin America, or the desire for peace and reconciliation in the Middle East.

The Soviet Union remains a dangerous adversary, yet shares with us a vital interest in avoiding nuclear war. The resumption of arms negotiations in

Geneva, along with the prospect of a meeting with Mr. Gorbachev, offers the promise of a renewed dialogue with the Soviets on the full range of issues of mutual concern. We should have no illusions: the U.S.S.R. remains a formidable military power with expansionist aims. Yet there is at least a possibility that the new Soviet leadership will recognize an interest in better external relations while it tries to address its systemic internal problems. We cannot presume on a long-term change in Soviet intentions; we can seek to engage Moscow in constructive, mutual efforts to improve our relationship.

- Third, there are signs of ferment and diplomatic movement in the Middle East, Central America, and southern Africa. In each of these areas, we are deeply engaged in negotiating processes; the American role is vitally important. The issues have long proved intractable and may remain so. Yet the benefits to us of a peaceful resolution of longstanding regional conflicts are self-evident.

We are in a strong position to pursue these opportunities. Our challenge is to turn our strength, vitality, and ideas into constructive accomplishments in the promotion of peace and the reduction of tensions.

Let me offer some observations on these regional negotiations and then discuss the factors on which the success of our negotiating efforts will depend.

The Middle East

Four times in the past 12 years the United States has successfully brokered peace arrangements in the Middle East. These included three Egyptian-Israeli agreements between 1974 and 1979 and a Syrian-Israeli agreement in 1974. Once again, we are being called upon by the states in the area to help restore momentum to the peace process.

We have a vital stake in peace between Israel and its neighbors. Conflict in the Middle East risks Great Power confrontation, the security of Israel, disruption of oil supplies, expanded political and military opportunities for the Soviet Union, and the growth of Islamic radicalism and other threats to friendly governments.

Conditions for accentuating the search for peace are more encouraging than they have been for some time.

- The Israeli Government is withdrawing from Lebanon and has offered to negotiate with Jordan without preconditions. Prime Minister Peres said in a March 31 interview, "We are prepared to negotiate unconditionally with a joint Jordanian-Palestinian delegation, a Jordanian delegation, or a Palestinian delegation in our efforts toward an immediate, peaceful solution or a solution in stages."

- King Hussein has defied intimidation from hostile states to work with Palestinians toward eventual negotiations with Israel.

- Egypt is reentering the mainstream of Arab politics, is actively seeking to broaden the negotiating process and to improve its relations with Israel.

- Iraq has developed closer relations with moderate Arab neighbors and established full diplomatic relations with us.

These developments provide grounds for cautious optimism, but we must not blind ourselves to remaining difficulties. Continued reluctance by Arab leaders to negotiate directly with Israel, differences within governments in the region, the "cold peace" between Israel and Egypt, hesitations among the Palestinians, and Syria's ability to play a spoiler's role all are factors that complicate the effort to arrange direct negotiations, let alone achieve a successful outcome. It is scarcely surprising that many claim that Israel and its Arab neighbors, if left entirely to their own devices, could not conceivably resolve their differences. The corollary is the insistent request of many parties for active U.S. involvement. Only the United States, they maintain, possesses the influence and credibility to assume the role of honest broker.

Under the proper circumstances, we are prepared to assume a more active role. Indeed, for many months we have worked to create those circumstances.

- We sought to facilitate a negotiated and orderly Israeli withdrawal from Lebanon. That attempt foundered on Syrian intransigence and Lebanese disarray, but the Israelis are withdrawing, nonetheless.

- We have actively encouraged improved Egyptian-Israeli relations—an effort we think will bear fruit.

- We have urged Israel and Jordan to work in parallel to improve the "quality of life" of the Palestinians in the West Bank and Gaza as a positive step to build confidence and strengthen the forces of moderation.

- We have encouraged King Hussein's initiative with the Palestinians and supported his effort to move toward direct negotiations with Israel.

- We have urged other Arab states to play a more active and constructive role.

On February 11, King Hussein reached a framework agreement with Yasir Arafat which spoke of negotiations and a peaceful solution. This may prove to have been an important milestone if it facilitates Jordanian entry with appropriate Palestinian representation into direct negotiations with Israel. President Mubarak has also put forward ideas to push the peace process along. Dick Murphy, our able Assistant Secretary for Near Eastern and South Asian Affairs, is in the region now, exploring these and other ideas. The test of their utility is whether they facilitate or impede early and direct negotiations between Israel and Jordan, with Palestinian participation.

Once such negotiations are joined, the positions we will take will be those set forth in President Reagan's September 1, 1982, speech on the Middle East. Other parties will bring other negotiating positions. The place to negotiate is at the table. We will not accept attempts to change our position in advance of negotiations—and it is time the negotiating commenced. If not now, when? Hard choices must be made by all who desire peace. Aware of the difficulties, we are prepared to play our part, as others accept their own responsibilities.

Central America

Closer to home, vital interests in Central America have compelled us to take an active part in equally complex multilateral negotiations. Longstanding problems have ripened to a point where the states of the region recognize the need to find a comprehensive settlement. At the request of our friends in Central America, we have sought to help. While some argue that Nicaragua does not directly threaten us, the fact is that it does pose a challenge to important American security interests.

The basic problem is clear: Nicaragua, with encouragement and substantial support from the Soviet Union and Cuba, has sought to exploit the social, economic, and political difficulties faced by the Central American countries. Over the past 6 years, Nicaragua has established intimate ties with the Eastern bloc; it has undertaken an arms buildup that intimidates its neighbors and far exceeds its defense requirements; it supplies logistic support and the command

structure for insurgents in El Salvador; it has supported armed struggle in Guatemala and Honduras and trained potential insurgents in Costa Rica.

If the problem is clear, so is our objective: to promote regional peace and stability by addressing the needs of our friends and the Nicaragua problem.

We have sought bipartisan support for a strategy with these components:

- A major effort to strengthen our friends by substantially increasing economic and security assistance while encouraging rapid growth and democratic political development;

- Support for the Contadora negotiating process to define political and security arrangements, on the basis of which the regimes and peoples of the region can develop their institutions and their economies;

- Direct dialogue with the parties involved in that process—including Nicaragua—in an effort to promote the Contadora process; and

- Encouragement of democratic reforms throughout the region, including support for the opposition within Nicaragua which is working for a cease-fire, dialogue, and reform on the basis of a democratic political program.

Over the past year, we have seen substantial progress in some areas, less in others. Our friends are significantly stronger. Democratic institutions have shown vitality under fire in Costa Rica, Honduras, and El Salvador. President Duarte has initiated impressive reforms, earned an expanded electoral mandate, and undertaken a process of dialogue and reconciliation with Salvadoran guerrilla insurgents. Democracy and dialogue in El Salvador stand in marked contrast to the Sandinista government's intransigent refusal to even talk with its democratic opposition, much less begin a genuine process of democratization.

Consonant with the Contadora agreement, the countries of the region have persevered in efforts to achieve a regional settlement. We have seen some progress. Agreement in principle has been reached on some provisions of a draft Contadora treaty providing for verification of eventual security arrangements. We and our Central American friends remain concerned that security arrangements, including withdrawal of foreign forces and achievement of military parity, must be implemented simultaneously and that compliance must be fully verified.

While the Contadora process progressed, we also talked directly with the Sandinistas in an effort to contribute to

a Contadora settlement. Following their elections last November, however, the Sandinistas sought to use the talks to achieve a separate bilateral deal with us, rather than to engage in frank substantive exchanges to achieve a Contadora agreement. Consequently, we suspended those talks and tossed the ball back into the wider Contadora court.

We support the Contadora process because its objectives are compatible with our own concerns: ending the arms buildup in Nicaragua; removing Soviet, Cuban, and other foreign military personnel from Nicaragua; ending Sandinista support of the insurgency in El Salvador and other countries; and promoting political pluralism in Nicaragua in accordance with the Sandinista promises made to the OAS [Organization of American States] at the time of the revolution. The intense regional interest in achieving a settlement, the internal and external pressure on the Sandinistas, and international support for a settlement offer prospects for progress over the coming months.

It is in this context that the President's initiative of April 4 should be viewed. He called for a dialogue between the Nicaraguan regime and its internal opposition. He called for a cease-fire. He called for democracy in Nicaragua.

In making this proposal, the President is building on the consensus that some form of democratization is essential in all Central American countries. Democracy is a key element in the Contadora Document of Objectives and in the initial Contadora draft agreements. In supporting the President's call for dialogue, the Contadora countries and other Latin friends have recognized the fundamental importance of democratic pluralism and internal reconciliation. The President has also indicated that we are prepared to resume discussions with the Sandinistas in an effort to encourage that process.

A comprehensive and patient approach, with bipartisan support at home, can succeed. Both incentives and pressures on the Sandinistas are needed. The democratic opposition in Nicaragua deserves our support as an integral part of a broader regional strategy aimed at achieving a peaceful settlement. If the Sandinistas come to believe that they are home free, under no pressure to compromise with their neighbors, much less their internal opposition, then there will be no settlement, and there could be a dangerous deterioration of the regional situation. There is a wiser alternative open to us—and the President's peace plan of April 4 shows the way.

Southern Africa

The Reagan Administration's intense involvement in southern Africa since 1981 reflects its recognition of an opportunity to promote peaceful change in the region. We can derive satisfaction from the role we have played in working toward three key objectives:

- Promoting peace through the cessation of violence and the removal of foreign forces from the region;
- Bringing about the independence of Namibia under UN Security Council Resolution 435; and
- Promoting peaceful change in South Africa away from the loathsome apartheid system and toward a more just society.

Our involvement has already yielded benefits. We encouraged the Nkomati accord between South Africa and Mozambique, and the Lusaka accord between Angola and South Africa. Both have helped diminish cross-border violence and made the point that peace can be negotiated. The recent completion of South African withdrawal from southern Angola should improve prospects for a broader regional settlement. With respect to Namibia, progress has been made in securing agreement on a set of constitutional principles, and the South African Government has reaffirmed its commitment to implement Resolution 435 once agreement is reached on the withdrawal of troops from Angola.

Our effort, from the outset, has been based, as in Central America, on a sober assessment of the regional realities and on an understanding that our role should be to encourage a regional peace process, not to impose one from outside. The African countries have welcomed our involvement.

The Angolan presentation of a Cuban troop withdrawal proposal last fall was a major, positive development, and as differences between Angola and South Africa have narrowed, we have intensified our role as broker. Last month, we tabled a "synthesis" proposal drawn from the positions of both sides in an effort to expedite agreement. Acceptance of a Cuban troop withdrawal formula would be a key element of a settlement package which must also include assurances of Angola's territorial integrity and the implementation of Resolution 435 in Namibia. Such a package would go a long way toward promoting regional stability. It would also pave the way for the Angolans themselves to achieve national reconciliation without outside interference.

The process of change is underway within South Africa as well. Its prospects are enhanced if there is stability in the region. We can and should help encourage that process in constructive and peaceful directions. The South African Government has taken some important steps toward reform, including extension of trade union rights, repeal of the mixed marriage and immorality laws, cessation of forced removals of black communities, and a pledge to move toward a common citizenship for all South Africans. While these steps do go to the heart of the doctrine and apartheid, there is still a long and difficult road which will have to be traveled in order to achieve a just society in South Africa. All Americans, and the world at large, find the doctrine of apartheid repugnant. It is our firm view that the process of peaceful change must continue, and dialogue among all groups in South Africa is essential for this purpose. We have made our views known to the South Africa Government. Our policy of constructive engagement is intended to encourage peaceful change.

American Negotiating Style

We Americans bring a peculiar blend of our own cultural values to the task of diplomacy. Whether bargains are struck between American companies, American unions, or American political parties, a measure of trust and confidence is usually assumed. We rely heavily upon persuasion. Splitting the difference is an honorable tradition. We tend to believe that if men of good will sit down across a table from each other, even the most intractable problems can be overcome.

Yet we need a more multifaceted perspective if our multilateral regional negotiations are to have the success they deserve. Our recent experience in Central America, the Middle East, and South Africa suggests some lessons which would make our diplomacy more effective.

"The art of diplomacy," Henry Kissinger has said, "is not to outwit or dupe the other party but to persuade it either of the existence of convergent interests, or convince it that the persistence of impasse will result in serious penalties." Put another way, diplomatic progress requires inducements both positive and negative: carrots and sticks. Gestures of flexibility by the Sandinistas have materialized only in response to international and internal pressures—one of the reasons why the Nicaraguan democratic resistance

deserves our support. We are strengthening our dialogue with Mozambique and Angola as a "carrot" to encourage their participation in the southern African search for peace. In the Middle East, our foreign assistance programs for Israel, Egypt, and others are complementary to our diplomatic efforts to nudge along the search for peace.

We should not expect immediate results when negotiating. Things normally take longer than one expects. We Americans are an impatient, can-do people. We believe that it is better to get immediately down to cases rather than to avoid the most contentious issues or delay a solution until conditions are ripe. We sometimes tire of problems before the potential for their resolution has matured. We are anxious to achieve results—not least because of the pressures of public and congressional opinion.

By contrast, the Soviets and their clients have no legislative pressures to worry about; they can take their time, and they know the advantages of patience and persistence when negotiating with us. We should recall the slow but steady progress toward resolution of regional conflicts in southern Africa, where there have been few negotiating deadlines and relatively little media attention. Indeed, we tend to overlook the value of the negotiating process itself. Active U.S. mediation—even if it does not produce quick results—puts us at the center of events and forces contending parties to take our interests into account. The very process of brokering is, moreover, an alternative to confrontation and violence, even if there is no rapid, binding resolution of underlying difficulties.

In dealing with tough regional problems, we should not allow others to abandon their own responsibilities, shifting the burdens onto our shoulders. Put another way, we should not let others assume we have a stronger stake in agreements than they do. Regional realities are such that any lasting resolution of conflicts in Central America, the Middle East, and southern Africa can be achieved only by the people who live there. But we can help. In Central America, we should continue to do all that we can to support and encourage Contadora; in southern Africa and the Middle East, likewise, we are encouraging the governments and groups to be flexible and imaginative.

We must learn to tolerate ambiguities. We have to face the fact that there are no easy answers or permanent

fixes to issues as complex as the Middle East, southern Africa, or Central America. In Nicaragua, for example, we should recognize the utility of maintaining contact with the Sandinista government while at the same time supporting the freedom fighters. Similarly, we talk to the Angolan Government (which we do not recognize) and maintain contact with UNITA [National Union for the Total Independence of Angola] (which is a legitimate indigenous opposition group) while maintaining formal relations with neither.

We must also recognize the need to live with complexity. No negotiation exists in isolation. At play are the global interests of the United States, the needs of our allies, the domestic realities of the parties directly involved. In southern Africa, a negotiation that ends violence between Mozambique and Pretoria is directly relevant to the pace of internal change in South Africa. Regional negotiations also represent an element of our wider strategy, including efforts to reduce Soviet influence. A reduction of Soviet influence in southeastern Africa sends a direct and unmistakable signal to other areas of the world, including Afghanistan, the Horn of Africa, Central America, and Southeast Asia, where Soviet and Soviet-backed power spread tension and instability in the last decade. Peace in southern Africa affects the vital economic interests of our key European allies; stability there assures continued access to strategic minerals and assures safe passage of commercial and military shipping along sensitive sea routes.

We must not let adversaries exploit our own political system to deprive us of flexibility and the tools needed for effective bargaining. We should not end up bargaining with ourselves. Our continued support for those in Nicaragua struggling for democracy constitutes essential leverage for successful negotiations.

Public and congressional support are essential ingredients for successful negotiations in Central America, the Middle East, and southern Africa.

We should prize neither negotiations nor agreements for their own sake. Reliability and verification are indispensable elements. These are not merely technical issues; in the last analysis, states abide by agreements because they serve their interests and reflect accurately the balance of forces at a particular time. Openness and pluralism in the Nicaraguan political system would also strengthen a Contadora agreement

by constructing an open environment which makes verification of security commitments much easier. Negotiations require a recognition of a common ground between the parties involved and an active desire on both sides for a resolution.

Finally, as I hope I have demonstrated, bipartisan cooperation is essential if our efforts to promote the peaceful resolution of regional conflicts are to bear fruit. We can scarcely serve as an effective broker in southern Africa if Congress imposes economic sanctions against Pretoria. More than 20 pieces of sanctions legislation have been introduced into the Congress during the current session. We oppose punitive disinvestment legislation, since we think this will impose economic hardship on the black majority we are seeking to help. It will exacerbate tensions, not promote racial harmony. Passage would jeopardize our effectiveness as a mediator in the region without promoting social and racial justice in South Africa.

Congressional votes on the Jackson plan and support for the democratic resistance in Nicaragua will affect our negotiating leverage in the Contadora process. Those who have negotiated with the Nicaraguans understand the consequences of removing pressure. If support for the resistance is rejected, Congress removes an inducement for Nicaragua to contemplate seriously a regional settlement.

We are already putting these lessons to use. I hope that you will find them useful as you watch our diplomatic moves over the next few months. You can be sure your government is pursuing every opportunity in the quest for peace. This is the American tradition in foreign policy. It is also our responsibility as a great power. But in our democracy, an active diplomatic role will require your support. Together we can do great things. ■

U.S.-Soviet Quality of Life: A Comparison

by Richard Schifter

Address before the Human Rights Experts' Meeting of the Conference on Security and Cooperation in Europe (CSCE) in Ottawa, Canada, on May 22, 1985. Ambassador Schifter is head of the U.S. delegation to the CSCE.

Ever since this conference began, we have returned, from time to time, to a discussion of what is perceived to be the distinction between political and civil rights on one hand and economic and social rights on the other hand. I shall, therefore, at the outset of this statement, set forth the thoughts of the U.S. delegation on this issue.

Rights of the Individual

Those of us who trace our views of government to the writings of the English and French thinkers of the 18th-century Enlightenment subscribe to the proposition that government derives its mandate from the consent of the governed, such consent being expressed in free elections. The government, thus, reflects the will of the majority. In this context of majority rule, the philosophers on the subject defined certain rights of the individual which are so basic that no government may deprive him of them, irrespective of the size of the popular majority by which it was installed in office. These rights of the individual are what we understand principally under the term "human rights." They define and clarify the fundamental relationship between the individual and his government, and they consist, essentially, of limitations on the powers of government. Like the biblical "Thou shall not," the beginning phrase of the first amendment to the U.S. Constitution, the beginning phrase of our Bill of Rights, is "Congress shall make no law"—a phrase followed by the subjects on which Congress shall make no law, such as abridgment of freedom of speech or the press.

When we use the term "right," we think of a claim which can be enforced in the courts. The rights guaranteed in the U.S. Constitution, which in CSCE terminology are referred to as political and civil rights, are rights which every citizen can call upon the courts to protect.

We view what are here referred to as economic and social rights as belonging in an essentially different category.

They are, as we see it, the goals of government policy in domestic affairs. Government, as we see it, should foster policies which will have the effect of encouraging economic development so as to provide jobs under decent working conditions for all those who want to work at income levels which allow for an adequate standard of living. These goals should be attained in a setting which allows freedom of choice of his work to everyone. For those who are unable to find jobs we provide unemployment compensation and, if that is unavailable, other forms of social assistance. The economic system which is now in place in our country is fully in keeping with the relevant articles of the Universal Declaration of Human Rights.

The U.S. delegation, in selecting issues for discussion at this conference, decided deliberately to limit itself to problems which, though of great concern to the American public, would not require systemic changes in the Soviet Union to effect correction. Every one of the problems we have raised so far about conditions in countries which describe themselves as Marxist-Leninist could be eliminated while staying within the system.

It so happens, therefore, that the Soviet human rights problems of greatest concern to the American public are the problems which could be most easily solved by the Soviet Union. They concern, as we have pointed out, the incarceration of persons guilty only of giving expression to their thoughts, the persecution of religious believers, the commitment of sane persons to institutions for the mentally ill, cultural repression, and discrimination against certain people on the grounds of ancestry. The Soviet State could, as I have said, correct these problems without effecting fundamental structural change.

We had not intended to engage in discussions of economic and social conditions in the Soviet Union, both because the American public is not as deeply aware of or concerned about them and because correction of any shortcomings which we would have to point out would, indeed, require systemic change in the Soviet Union. We see such changes occurring gradually in some other countries which had initially adopted the Soviet economic model. However, we did not think this meeting to be an appropriate forum for a discussion of such issues. Nevertheless, as the Soviet delegation has clearly insisted that we engage in a discussion of social and

economic issues, let me say that we are prepared to join in that debate. To begin with, I shall respond in detail to the concerns expressed by the Soviet delegation as to social and economic problems in the United States.

U.S. Social and Economic Problems

Unemployment. First of all, let me discuss the problem of unemployment in the United States. Our present unemployment rate is 7.3%. It reached a peak of 10.5% in 1982 and has declined significantly since then. Millions of new jobs have been created in recent years, offering new opportunities to the unemployed as well as to persons newly entering the job market. While we agree that an unemployment rate of 7.3% is still too high and further efforts need to be made to reduce the unemployment level, we believe that any person analyzing our unemployment rate should note the following:

- About two percentage points are attributable to so-called frictional unemployment, i.e., persons in transit from one job to another.
- A significant number of the job opportunities which are available in the United States at any one time go unfilled because no one in the locality in which the jobs are available is interested in doing the kind of work available at the wages which are being offered; as we don't have a system under which people can be compelled to work, unfilled jobs thus exist side by side with unemployment.
- We do not have an anti-parasitism law; some persons prefer to draw unemployment insurance payments or welfare benefits rather than take jobs which they deem unsuitable.
- The percentage of our adult population looking for work in the productive sector of the economy is enlarged by the fact that we have significantly fewer people than the Soviet Union in our military forces, in our police forces, and, for that matter, in prison or performing forced labor; specifically, though the Soviet population is only 12% greater than that of the United States, its military forces are almost 200% greater, its police forces more than 100% greater, and its prison population, including forced labor, over 1,100% greater than the corresponding figures in the United States.

I have made these points only to explain what the 7.3% figure means, not to suggest that it can and should be ignored. Our government is committed to the proposition that everyone who wants

to work should have an opportunity to do so. Government policy is dedicated to the stimulation of economic growth, to the creation of more jobs, to the raising of standards of living, to the reduction of poverty. In a country such as ours, there is often disagreement as to what might be the best policy to effect economic growth. Different political groupings advocate different solutions to the problems we face. But there is an overwhelming consensus that unemployment must be reduced and that it should be reduced within our present economic framework.

When we compare our economic model to alternate approaches, we must note that, to some extent, unemployment in our country is a consequence of our ideas of individual freedom. We do not assign people to jobs or prosecute them for parasitism if they fail to take an available job. As I have noted, there are people in our country who pass up job opportunities because they don't like the jobs that are being offered or consider the wage offers too low. There are others who are unemployed and might be able to get a job of their liking and at a satisfactory wage at a substantial distance from their home, but they are loathe to move.

Much of the latter kind of unemployment is created by the fact that the economy adapts itself to market conditions. Uneconomic enterprises are thus compelled to close, sometimes causing serious dislocation in the communities dependent on them. In the long run, such adjustments enable the economy to adapt itself to change and to increase its overall productivity. But in the short run, it creates serious hardships for the people directly and adversely affected. To deal with these hardships and to bridge the periods of difficulty is a continuing challenge to our Federal, State, and local governments. We recognize it for the problem it is and seek to deal with it. For reasons which I shall state later, the overwhelming majority of our people are not at all attracted to the solution to this problem which the Soviet Union offers.

There is one other point that needs to be made with regard to the issue of employment. We need to emphasize the role which a free labor movement has played in the United States in strengthening the role of the worker, achieving increases in wages and improvements in working conditions. The existence of a free labor movement, accountable only to its members and not under the control of employers or governments, is, we believe, essential to the protection of the

interests of working people. It has succeeded in the United States in setting standards not only for its own members but for unorganized workers as well. As I noted yesterday, workers in certain states which profess to have been founded for the benefit of the working people are deprived of the ability to assert their interests through the operation of free and independent labor unions.

Homelessness. The distinguished Soviet representative has raised the issue of homelessness in the United States. We recognize the existence of homelessness in our society. This is a complex and difficult problem for us, in large part because in recent years our laws have not allowed us to incarcerate or commit to mental institutions persons who insist on living on the sidewalks of our cities as long as they are not threats to themselves or society. Many of these people refuse to make use of the wide range of accommodations available to them. In some societies they would be charged with vagrancy, parasitism, or forced into mental institutions. In our cities they remain on the streets, quite understandably causing many visitors to wonder whether there is, in fact, no housing available for them.

The fact is that our Federal Government and our State governments have spent and continue to spend hundreds of millions of dollars to provide shelter for the homeless. Those who cannot be self-sufficient, such as the elderly, are given priority in assistance programs. Furthermore, the tradition of voluntarism in the United States has resulted in the creation of a great number of nonprofit groups which have specialized in helping those in need of what our laws call safe and sanitary housing. Particular efforts have been made to assist the elderly.

I should also make it clear that there are quite a number of people in our country who live in housing which we deem substandard. We are interested in improving such housing, though we know that what is substandard in the United States may be standard in countries which are among our severest critics.

Discrimination. We readily concede that persons were for a long time discriminated against in our country on the grounds of their ancestry, and we recognize that government at all levels shares culpability with regard to this problem. However, beginning 40 years ago, policies on the subject of race began to change in our country and have changed at an ever-accelerating pace. Over this period the Federal Government as well

as State and local governments have succeeded in stamping out all officially sanctioned forms of discrimination based on ancestry. Beyond that, laws have been enacted that require the private sector to conform to fundamental principles of nondiscrimination.

What I have just said does not mean that we can overnight overcome the results of generations of discrimination and disadvantage. I have not carefully checked all the statistics which our distinguished Soviet colleague has recited, but they may very well be correct. What is important to note is the change in the figures in recent years, as groups of our population which were previously discriminated against have seen the barriers fall and have used the opportunities which have been afforded them.

Nothing that I have said is designed to suggest that we have eliminated racial and ethnic antagonisms within our population. They do exist, and government is not able to change that fact. But here, too, we have witnessed change. Through the activities of various institutions—including, particularly, religious organizations—younger people have increasingly been imbued with a commitment to human brotherhood. We, therefore, have reason to believe that over time these antagonisms will continue to diminish.

My remarks about nondiscrimination generally apply to Indians as well. But our Indian people have a special problem, which they share with indigenous peoples elsewhere in the world—indigenous peoples whose culture and economies differ markedly from those of the surrounding society. Many of our Indian reservation residents are only a few generations removed from a hunting and fishing culture. They have found it much more difficult to fit into industrial society than do the descendants of families engaged in agriculture.

The unusually large unemployment rate on Indian reservations is related to this problem. It is, let me emphasize, the unemployment rate not of Indian people but for Indian reservations. Indian people who have decided to leave the reservations can find and have found jobs elsewhere in the country. But there is no doubt that Indian reservations have found it difficult to attract industry and thereby create job opportunities for Indian people at reasonable wage levels in their home communities. It happens to be a problem with which our government has concerned itself and continues to concern itself. I readily concede that the problem has not been solved. In fact, I have personally worked and written on this subject.

HUMAN RIGHTS

I shall complete this discussion of discrimination by noting again that the United States has served as a magnet for immigrants of all races to achieve a higher standard of life for themselves and for their children. The fact that a majority of recent immigrants to the United States are nonwhites from non-European areas and that they have integrated into our society at a truly amazing speed is clear evidence of the strength of the well-recognized American acceptance of a variety of ethnic groups into our social and economic system.

The Role of Women. Much has also been said here as to the role of women in the United States. As to the point made concerning the Equal Rights Amendment, let me note again that the courts of the United States have construed the 5th and 14th amendments to the U.S. Constitution so as to require legal equality between the sexes.

Admittedly, what is required by law takes time to be translated into reality in day-to-day life. The entry of women into our economic life on a basis of parity occurred only quite recently, after 1970. It has, however, progressed at amazing speed. To cite one item of statistics that comes to mind, in 1970, 2% of all law school students were women. Today they are 50%.

But new entries do not come in at the very top. That is why we find average women's wages to be below the average earned by men. It was 60% in 1980; it is 64% today and is expected to continue to rise as the years go by. Here, too, we do not suggest that we have reached our goal of full actual rather than purely legal equality, but we are clearly on our way toward that goal.

Soviet Economic Progress Since the October Revolution

As I said earlier, we had not intended to engage here in a debate on the respective advantages of the U.S. and Soviet models, but as the Soviet Union has initiated this discussion, we want to make it clear that we are not inclined to shrink from it. Let me say also that we recognize that the Soviet Union started to industrialize later than we did and that the Soviet Union suffered devastation during World Wars I and II. But let us also remember that we recalled earlier in this session that the war in Europe ended 40 years ago. How far has the Soviet Union been able to travel in this period on the way to its economic goals?

In the early 1960s, Nikita Khrushchev predicted that the Soviet Union would surpass the United States in living standards by 1980. Yet studies of comparative per capita consumption conducted by University of Virginia professor Gertrude Schroeder and others show that today, 25 years after Khrushchev spoke and 67 years after the October Revolution, the Soviet standard of living remains barely one-third of the U.S. level. These same studies show that Soviet living standards are much lower than in any developed Western country.

The average Soviet citizen, in fact, lives less well than someone living at the official U.S. poverty line. An American family living at that level, for example, lives on an income which is 41% of the U.S. average. About 15.2% of our population lives at or below that level. By comparison, as indicated, the average Soviet citizen lives at about one-third of the U.S. average, which gives us some idea of the percentage of the Soviet population which lives below the U.S. poverty line. As suggested earlier by our distinguished Spanish colleague, equally dramatic comparisons can be made between the average Soviet citizen and the average unemployed worker in the West. In the recession year of 1982, for example—the worst since World War II—the median per capita income for unemployed workers in the United States was about \$5,000. The average income of a family with an unemployed worker was \$20,000. We do not deny that such an income in many cases reflected a substantial decline in living standards. But a Soviet family living on the equivalent of \$20,000 a year would be quite well off, even after we have adjusted for differences in the cost of basic needs.

In making these comparisons, I do not mean to suggest that the Soviet Union has made no economic progress since the October Revolution. But the limited success the Soviet economy has enjoyed in the past was dependent on constant additions to the labor force and on the availability of plentiful and inexpensive resources. Now that the Soviet Union has used up its surplus labor pool and its resources are more costly, its growth rates have plummeted. The Soviet Union, in fact, is no longer closing the gap between itself and the developed West. The per capita consumption comparisons I cited earlier have remained constant over the last decade. Given low Soviet labor productivity, the gap can reasonably be expected to widen in the future.

Shortcomings of the Soviet Economic System

Consumer Shortages and Corruption. The Soviet economy today is characterized by pervasive shortages of consumer goods and the widespread corruption these shortages generate. These features, moreover, are not temporary problems which will solve themselves through continued progress over time. Rather, they are problems endemic to the Soviet system of centralized economic planning. This system, based on the notion that a small group of planners can efficiently allocate resources for an entire economy, has created instead an economy of bottlenecks, shortages, and waste.

In the Soviet Union, unlike anywhere in the developed West, the most basic consumer goods are in continuous short supply and rationing remains a common fact of Soviet life. The situation has been so bad in some localities in recent years that food riots have reportedly occurred. In 1981, *Izvestia* reported the introduction of rationing in 12 major Soviet cities, including Irkutsk, Kazan, Tbilisi, Vologda, and Naberezhnye Chelny (now called Brezhnev). We have learned that meat and butter have both been formally rationed in the closed city of Sverdlovsk and its surrounding villages for several years. Presumably, the same is true of many other areas closed to foreign visitors.

The long lines of people lining up for scarce items on Soviet city streets have become famous throughout the world. The production and distribution system is so capricious that it is impossible to tell what will be available from one day to the next. This is why Soviet housewives frequently join lines without inquiring what is for sale. They simply assume they had better get whatever it is while it's available. This is also one important cause of Soviet productivity problems, since working people are typically obliged to take unauthorized absences from their jobs to chase after scarce necessities. These endless shortages force the average Soviet family to spend 2 hours shopping every day just to obtain the basic necessities of life.

The endless waiting is bad enough, but the Soviet consumer often finds that the product waiting for him at the front of the line is hardly worth the wait. The quality, variety, and design of the consumer goods available in the Soviet Union are, in fact, notoriously poor by both Western and East European standards, and retail trade and personal service facilities are scarce, primitive, and inefficient.

As one might expect, the chronic shortage of basic consumer goods has fostered the creation of an enormous black market in scarce items. This, in turn, has led to widespread official corruption as persons with administrative control over scarce commodities divert them for personal gain. Corruption exists in all societies, but in the Soviet Union it is a pervasive and normal part of life. Stealing from the state is so common that the Soviet people have come to take it for granted. Anecdotes about corruption and bribery have become a staple of Soviet humor.

The leaders of the Soviet Union are aware of the problem, of course. It has been frequently raised at party plenums, and the Soviet media are replete with stories of corruption, bribery, and the executions of those unfortunate enough to be selected as examples of equal justice under law. What the Soviet leadership seemingly fails to realize or simply will not face is that an economy of shortages inevitably breeds corruption. Some estimate that as much as 25% of the Soviet gross national product (GNP) is diverted to the black market every year.

It must be emphasized once again that the chronic shortages and widespread corruption which characterize contemporary Soviet life are fundamental features of the Soviet economic system. They reflect the systemic inflexibility of a centralized economic planning system which breeds bottlenecks and inefficiencies.

The Soviet consumer is further disadvantaged by the Soviet preference for spending on defense and heavy industry at the expense of the consumer sector. Soviet per capita spending for defense, for example, is, in relative terms, at least twice as high as in any developed Western country. Though we have heard a great many reminders from some of our colleagues here of the importance of the right to life and appeals for an end to the arms race, let us remember that in the 1970s the Soviet Union was the only runner in that arms race, continuing its buildup while the United States was, in effect, engaging in unilateral arms reduction. Today, the Soviet Union spends at least 14% of its GNP on defense, compared to only 7% for the United States. Given the Soviet Union's systemic economic problems and its emphasis on heavy industry and weapons procurement, it is little wonder that Soviet authorities and press commentators chronically complain about the evils of "consumerism" and against the excessive accumulation of material goods.

Effects of Agricultural Collectivization. The Soviet system of collectivized agriculture also contributes to the harshness of Soviet life. Much of the problem in food supply stems from the collectivized nature of Soviet agriculture. As is well known, the forced collectivization of agriculture in the early 1930s divested Soviet farmers of their land. What is not so well known is that the forcible confiscation of grain supplies that accompanied it resulted in a widespread famine that killed as many as 6 million in the Ukraine alone. Collectivization not only killed 6 million people but it permanently crippled Soviet agriculture.

The Soviet Union—in prerevolutionary days the world's largest grain exporter—is now the world's largest grain importer. Twenty percent of the Soviet work force works in agriculture, compared to 3% in the United States. Yet the Soviet Union often has had to import up to 25% of its grain. American farmers, who own their own land, are 10 times more productive than their Soviet counterparts. Each year, approximately 20% of the grain, fruit, and vegetable harvest and as much as 50% of the Soviet potato crop perishes because of the poor storage, transportation, and distribution system.

Soviet farmers have not lost their ability to grow crops. They just lack the incentive to do so on a *kolkhoz* [collective farm]. By contrast, even though private plots, which are farmed by individuals in the early morning and late evening hours, occupy only 4% of the Soviet Union's arable land, they produce 25% of the Soviet Union's total crop output.

Housing Shortages and Deficiencies. Housing in the Soviet Union is in as short supply as most consumer goods. At least 20% of all urban families must share kitchen and toilet facilities with other families. Another 5% live in factory dormitories. Young married couples are typically forced to live with their parents and must wait years for housing of their own.

The housing that does exist is extremely cramped, more so than in any other developed country in the world. The average Soviet citizen has 14 square meters of living space, for example, compared to the 49 square meters available to the average American. This means that there are approximately two people for every room in the Soviet Union, compared with two rooms for every person in the United States. Soviet statistics reveal that in 1983, 32% of all urban housing had no hot water, 23% was without gas, 19% without indoor baths, 12% without central heating,

11% without sewage facilities, and 9% without water.

The housing situation is much worse in the countryside and contains many features reminiscent of the 19th century—or even the 18th. There, for the most part, heating is with fireplaces, food is cooked on wood stoves, out-houses provide the toilet facilities, and water frequently is from a well.

Although there has been much new housing built in the Soviet Union in recent years, almost all of it consists of poorly constructed high-rise apartment buildings, which are even more poorly maintained. At the current rate of construction, the per capita space available to Soviet citizens will begin to approach the Western standard in approximately 150 years. Soviet housing woes should come as no surprise, given the fact that the Soviet Union spends less than one-fifth as much on housing as the United States and well under half of what is spent in Spain and Japan.

Status of Soviet Women. Women in the Soviet Union usually occupy the lowest status and lowest paying jobs in Soviet society. One-third of all working Soviet women, for example, are employed as agricultural laborers. By contrast, only 1.5% of American women are so employed.

Soviet authorities often point to the liberal maternity benefits accorded to Soviet women. Yet the Soviet Union is currently suffering from a severe labor shortage brought on by declining birth rates. This reduction in birth rates, in turn, is due to the extraordinarily high abortion rate. Many women have a history of five or more abortions. The fact is that the low Soviet standard of living compels women to work to supplement the family income. Maternity benefits, with extra mouths to feed and bodies to clothe, are, in many instances, simply not enough to encourage a family to let a child be born.

Unlike Soviet men, the working day of a Soviet woman does not end as she leaves the field or the factory. Soviet women are expected to do the cooking and the housework and the waiting in line.

In the West, women have effectively banded together to fight discrimination and sexism, but Soviet women have no access to effective political power. In its entire history, only one woman has ever served on the Politburo; none serves there now. Fewer than 5% of Central Committee members are female. Interestingly, only one-fourth of Communist Party members are female.

Medical Care and Health Problems. Soviet authorities are often fond of pointing out that health care in the Soviet Union is free. As with so much that is free or subsidized in the Soviet Union, however, you often get what you pay for. Although there are plenty of beds in Soviet hospitals, the people who lie in them frequently receive substandard care. One-third of them, for example, develop postoperative infections due to unsanitary conditions. Most of the doctors who care for them, moreover, are poorly trained by Western standards. Medicine is not a high-prestige occupation in the Soviet Union, and doctors are among the lowest paid workers in Soviet society. Significantly, 70% of these low-paid physicians are women.

Soviet medicine is not immune to the same shortages that afflict the rest of Soviet society. Medical equipment and many medicines are in extremely short supply. One-third of all Soviet hospitals, for example, do not have adequate facilities for blood transfusions. Basic items such as bandages, aspirin, and syringes are often difficult to find. Food rations are so small that patients must supplement their diet with food from home. In Novosibirsk, for example, which is home to many leading Soviet academic institutes and where one would expect supplies to be significantly better than normal, only 11% of the 216 standard drugs to be prescribed for specific illnesses are actually available. These shortages are not surprising in light of the fact that Soviet per capita expenditures on health care are less than one-third the U.S. level.

Although the problems in the Soviet health care delivery system are serious, they are not the most serious medical problem facing the Soviet Union today. Dramatically, over the course of the past two decades a significant deterioration has occurred in the overall health status of the Soviet population. Recent studies show that there has been an increase in Soviet death and morbidity rates over the past 20 years. The life expectancy of Soviet males has decreased during that period by a little over 4 years, from 66 in the mid-1960s to just under 62 years today. In the United States during the same period, male life expectancy increased from 66 to 71 years. Infant mortality in the Soviet Union has increased from 26.2 per 1,000 live births in 1971 to about 40 per 1,000 today. U.S. infant mortality during the same period has decreased from 24.7 per 1,000 to 10.7.

The Soviet figure for infant mortality is necessarily an estimate since Soviet authorities stopped publishing infant mortality statistics after 1974 when the rate had risen to 31.9 per 1,000. This rate was already much higher than in any developed Western country. The Soviet Union also has stopped publishing life expectancy figures. The reason why this has been done is obvious enough. The decrease in male life expectancy and the increase in infant mortality in the Soviet Union are historic events. Never before has a developed, industrialized nation suffered a decline in these demographic indicators in time of peace.

The reasons for this decline are even more disturbing for anyone tempted to look to the Soviet Union as a model for social and economic development. Factors such as poor health care, increased smoking, and frequently unregulated industrial pollution are important, but perhaps the most important contributor is alcohol. This would appear to be the view of Soviet authorities themselves.

The Soviet Union leads the world in the per capita consumption of hard liquor. Much of it is consumed in the form of home-brewed moonshine known as *samogon*. Alcohol consumption in the Soviet Union has more than doubled over the past 25 years. The death rate from alcohol poisoning in the Soviet Union is 88 times the U.S. rate, and alcohol and its effects may be the leading cause of death among Soviet males.

Alcohol abuse in the Soviet Union is not simply a male problem. Alcohol abuse is the third leading cause of illness among Soviet women and is a key factor in both the alarming rise in birth defects and the increased infant mortality rate. By 1980 the net social cost of alcohol abuse in decreased labor productivity in the Soviet Union amounted to a staggering 8%-9% of the total national income.

Much of the heavy drinking in the Soviet Union occurs in the work place. Professor R. Lirmyan of the Soviet Academy of the U.S.S.R. Ministry of Internal Affairs, writing in a 1982 issue of *Molodoy Kommunist*, reported that 37% of the male work force is chronically drunk. Not surprisingly, drunkenness is the leading cause of industrial accidents.

A poll cited in a March 1984 edition of a Soviet journal, *Sovetskaya Rossiya*, revealed that half the Soviet population regards drunkenness as the number one social problem in the Soviet Union. Seventy-four percent said they were alarmed over the extent of public drunkenness. These statistics make clear that the Soviet Union now suffers from an

alcohol abuse problem of epidemic proportions, serious enough to cause a significant rise in the national death rate.

As I remarked earlier, even the Soviet leadership concurs with this assessment. Vitaliy Fedorchuk, the Soviet Minister for Internal Affairs, interviewed in the August 29, 1984, issue of *Literaturnaya Gazeta*, candidly acknowledged that Soviet mortality and sickness rates have been on the increase, and he specifically cited alcohol abuse as the cause.

We note with interest that the Soviet authorities only last week announced yet another campaign against the abuse of alcohol. Production is to be cut back, the drinking age raised, and penalties against the manufacture of home brew increased. While it is possible that these measures may meet with some limited success, we note that similar campaigns have always failed in the past. Our suspicion is that alcohol abuse in the Soviet Union will remain an alarmingly serious problem until the Soviet leadership begins to come to grips with the profound social malaise that gave rise to the problem in the first place. In saying this, I do not mean to deny that there are drug and alcohol abuse problems in the United States and in other countries which deserve our serious attention. But I am suggesting that in the Soviet Union we are dealing with a problem of an entirely different order of magnitude.

Egalitarianism in the Soviet Union

I have been talking at length here about some serious difficulties in the Soviet social and economic system. But there is one more problem I would like to discuss. As we know, Marxist-Leninist ideology claims to be based on the notion of egalitarianism. This, we are told, is what the great October Revolution was all about. One would, therefore, expect that whatever problems the Soviet Union might have, the Soviet authorities would ensure that no class or group or individuals would ever be accorded privileges not available to other members of Soviet society.

But the truth is that certain groups in Soviet society (the party, the military officer corps, the diplomatic corps, the scientific-technical intelligentsia, the cultural and sports establishments) have deliberately shielded themselves from the social and economic hardships faced by the rest of the population. A privileged 5% of the Soviet population,

known as the *Nomenklatura*, has access to special "closed" stores that are specially stocked with foreign goods not available in regular stores, as well as bountiful supplies of Soviet goods that are in short supply elsewhere. The average Soviet citizen is forbidden from entering these stores, which are unmarked and have opaque windows to prevent the curious from looking in. Housing space is allocated by state authorities on the basis of social status. Many leading Soviet organizations have their own housing facilities, which are of good standard and centrally located.

The Fourth Directorate of the Ministry of Health runs a closed system of hospitals, clinics, and dispensaries for the *Nomenklatura*, providing far better services than those available to the general population. The Soviet ruling oligarchy also has access to such special benefits as foreign travel, automobiles, admission to the best schools, country houses, access to cultural events, and paid vacations in choice resorts, which are not available to the average citizen. Even the center lanes of certain roads are closed off for their exclusive personal use. To quote from George Orwell's *Animal Farm*: "All animals are equal, but some are more equal than others."

Conclusion

In an earlier intervention, the distinguished Soviet representative suggested that we were reluctant to discuss social and economic issues in this forum. I hope I have succeeded in dispelling this impression. Despite our many problems, we believe that we in the West, with our pluralistic, mixed-market economies, have gone further toward meeting basic human social and economic aspirations than has the system now in place in the Soviet Union.

More than 35 years ago, there was published a collection of essays authored by prominent former communists or fellow travelers, including Ignazio Silone, Andre Gide, Richard Wright, and Arthur Koestler. The book was entitled *The God That Failed*. Each of these prominent writers explained in his own words why he had concluded that the price in terms of personal freedom was not worth paying to attain the promised goal of a future paradise. The decades that passed have demonstrated that the image of paradise off in the distance was only a mirage. ■

Maintaining Momentum in the Middle East Peace Process

by Richard W. Murphy

Address before the American Council of Young Political Leaders on June 27, 1985. Ambassador Murphy is Assistant Secretary for Near Eastern and South Asian Affairs.

I appreciate this opportunity to discuss our policy in the Middle East. The current terrorist hijacking of TWA Flight #847 reminds us that peace in the Middle East has enemies. Extremists and terrorists seek to undermine the forces of moderation in the region. The tragic violence in Lebanon highlights and makes more urgent the need for a negotiated peace settlement in the region. That key—to the stability and security of the Middle East—is the peace process.

The United States has been actively involved for more than two decades in the search for peace in the Middle East. We have had some success, but there is still a difficult road ahead to reach our goal of direct negotiations and peace between Israel and its Arab neighbors. There has recently been positive movement in this direction, much of it due to King Hussein's courageous initiatives.

The Movement Toward Negotiations

Let me share with you some ideas on where we are in the peace process and where we are likely to be going in the months ahead. The two key themes which are at the heart of our efforts are pragmatism and process. We are now seeing concrete proposals from both sides which address the problem of getting negotiations started rather than focusing on a desired outcome. We now see a willingness to face the hard, practical steps that lie ahead. I would like to explore with you how these concepts relate to recent developments and our expectations for the future.

A new momentum began to develop late last year. At that time, and for the first few months of this year, the key parties in the region seemed content for us to step back a bit and let them work out some of their immediate problems. On the Israeli side, this was largely a result of domestic political considerations. The results of the last election in Israel were inconclusive in many respects and led to a unique experiment in power-sharing between Likud and Labor.

For the new Israeli Government, getting Israeli forces out of Lebanon was a primary consideration. This came across clearly during the campaign and was one of the issues on which there was consensus within Israel.

The second priority for the Israeli electorate was the need to rehabilitate the economy. Inflation rates in 1984 reached, in the month of October, an annual rate of 1,200%. Although the Israelis have taken several important steps, they still have further to go to achieve a comprehensive economic reform plan. This may seem to be a separate question and unrelated to the peace process, but it demands the immediate attention of Israel's leaders and reduces their ability to deal with other problems.

The Arab states, particularly Egypt, cited the Israeli military presence in Lebanon as one of the reasons for a lack of movement on negotiations and for the "cold peace" between Egypt and Israel. Other issues noted by the Egyptians as inhibiting progress were the unresolved status of Taba, a small piece of seafront property on the border, and the Egyptian desire to focus greater Israeli attention on the quality of life of the Palestinian inhabitants of the occupied territories. There has been some movement on these issues, too. The Egyptians and Israelis have resumed discussions on the status of Taba, and the Israeli coalition government has been taking practical steps toward ameliorating conditions for residents of the West Bank and Gaza. Improvement in this relationship is important for the psychological impact it would have on the climate for peace in the region.

On the Arab side, there have been some very encouraging developments. A new sense of pragmatism appears to have opened up unique possibilities for movement. These developments began last October with Jordan's decision to resume formal diplomatic relations with Egypt. In November, the much postponed Palestine National Council (PNC) meeting was held in Amman, enhancing the prospects for cooperation between Jordan and the PLO [Palestine Liberation Organization]. King Hussein, in addressing the PNC, called on the PLO to join him in seeking a negotiated settlement based on UN Security Council Resolution 242. The PLO did not reject Hussein's call out of hand.

Two months later, on February 11, Hussein and Arafat signed an agreement committing the PLO to seek a negotiated settlement based on UN and Security Council resolutions. The agreement also stipulated that they would seek Palestinian self-determination in the context of a confederation between the occupied territories and Jordan; no reference was made to an independent Palestinian state. The PLO endorsement of the "land for peace" concept was in marked contrast to previous positions.

A Unique Opportunity for Progress

Since the PNC meeting in November, several Arab leaders have brought with them to Washington a consistent message: now is the time for the United States to reengage in the peace process; time is a wasting asset. We received nearly identical appeals on this score from King Fahd, President Mubarak, Jordanian Foreign Minister Masri, Algerian President Bendjedid, Tunisian President Bourguiba—and particularly, of course, from King Hussein.

Part of the reason our Arab friends now see a "window of opportunity" undoubtedly relates to the perception that President Reagan's second term of office represents a unique opportunity to move the peace process forward. The Arabs see a President given a decisive mandate, a President who constitutionally cannot seek office again, and one who does not face an immediate congressional contest. Most importantly, they know that this President is committed to the September 1 initiative—a fair and realistic set of positions.

This, along with Prime Minister Shimon Peres' desire for progress on the peace process and the coming together of key players on the Arab side, has led many to conclude that the time might, in fact, be at hand to move ahead on the peace process.

In order to gauge how widely this desire for movement on the peace process is shared in the region, the Secretary sent me on three recent rounds of talks in Middle East capitals; last month he visited Israel, Jordan, and Egypt. What I will tell you we found will not come as a surprise given the amount of public discussion there has been on the prospects for peace.

Israel clearly wants peace. Prime Minister Peres has repeatedly called for King Hussein to join in peace negotiations without preconditions.

On the Arab side, I think it significant that Iraq has publicly stated that it

is prepared to endorse whatever agreement is acceptable to the Palestinians. This is a very different Iraq from the one which hosted the rejectionist gathering in Baghdad after Camp David. Partly as a consequence of its seemingly unending war with Iran, Iraq has moved closer to both Jordan and Egypt in recent years while improving its ties with other moderate states in the gulf. These states have been quietly supportive of the peace efforts being exerted by others in the region.

Jordan clearly is central to current peace efforts. I sense there today a new pragmatism and a greater appreciation of the need to get a reinvigorated process underway. In his meetings here recently, King Hussein expressed his determination to move this year toward direct negotiations with Israel and to seek a just, comprehensive, and lasting peace based on UN Security Council Resolutions 242 and 338. The King is acutely sensitive to the passage of time and feels that the door could be closing to any possibility of a negotiated settlement on terms likely to receive general acceptance in the Arab world.

King Hussein insists that direct negotiations between Israel and a joint Jordanian/Palestinian delegation must take place "within the context of an international conference." We do not support an international conference, but we understand the King's desire for a supportive international context for direct negotiations. We are searching for an appropriate mechanism through continuing consultations with both Jordan and Israel.

Egypt has been encouraged by recent developments. It wants to broaden the process Egypt and Israel began at Camp David, which led to its treaty with Israel. The Egyptians are ready to intensify their bilateral dialogue with Israel to help improve the negotiating atmosphere.

The Egyptian leaders are keenly conscious that improved relations with Israel could have an important and positive effect on the pace and direction of the overall process. They understand that many in Israel believe the benefits of peace with Egypt do not match its costs to Israel. Egyptian leaders recognize that unless this perception is reversed, it will be difficult to galvanize Israeli public support for negotiations on the West Bank and Gaza.

The Palestinians with whom I met in Jerusalem differed in many details on their approach to peace but expressed a common desire to get something going. There is a greater sense of pragmatism than before, which extends to a greater willingness to accept the need for some sort of transitional arrangements before attempting to reach a final settlement. These Palestinians almost universally see the February 11 agreement between Jordan and the PLO as the key to moving ahead. Without this agreement, it would be very hard, if not impossible, they believe, to get credible Palestinians to participate in the coming phase.

The nature of Palestinian participation will be a key question as we go forward. Our position on the PLO is well-known and remains unchanged. Following the Hussein visit, Secretary Shultz stated that:

What we want, basically, are people of good will, who are thoughtful and responsible and are truly dedicated to nonviolent negotiated solutions, and are truly ready to strive for peace with Israel.

The peace process is more than negotiations. It includes political gestures which may affect the possibilities for negotiations. A possible U.S. meeting with a joint Jordanian/Palestinian delegation falls into this area. Although this meeting would not itself be a negotiating session, it would be a precursor to direct negotiations with the Israelis.

Maintaining the Momentum

Our goal at this time is to maintain the momentum which began last November with King Hussein's speech to the Palestine National Council—continuing through the Fahd and Mubarak visits, Israel's unilateral decision to withdraw from Lebanon, the February 11 Hussein-Arafat agreement—and with King Hussein's visit. While keeping up the momentum, I would warn against unrealistic expectations.

We have stressed to all the parties that what we are involved in is a process with no guaranteed results. We are encouraged by the resonance our approach has elicited in the West Bank and Gaza, in Egypt, and in Jordan. It has also struck a sympathetic chord in Israel. This generation of Israelis never expected to be asked what they were willing to trade in exchange for real peace on their eastern border.

If 1985 is the year of opportunity, as Arab leaders say, then the Arabs themselves are going to have to make some hard decisions. One thing is certain: in 1985 no Israeli leader would be willing to sit at the bargaining table, either at an international conference or in bilateral negotiations, with avowed representatives of the PLO, nor would we ask Israel to do this. And without the Israelis present, there is no negotiation and no opportunity to explore what the Israelis would be willing to trade for peace.

In order for the Arabs to take advantage of the factors which they believe make this a propitious year for negotiations, they will have to address this pragmatic problem. Based on our assessment of events and views in the region and on the results of King Hussein's recent visit, we are convinced that the desire for peace is strong.

In the period from 1974 to 1979, the United States provided the impetus which resulted in five signed agreements between Israel and its neighbors. These agreements have stuck. Now, at last, we again see movement in the region—movement in a positive direction. The road to peace is a long one. Many steps must be taken to ensure that we stay on course. But the goal is too important, the alternatives too costly, to contemplate otherwise. Despite the obstacles, we have a responsibility, as Americans and as friends, to assist our Arab friends and Israel on their journey toward peace. ■

Visit of Algerian President



(White House photo by Bill FitzPatrick)

President Chadli Bendjedid of the Democratic and Popular Republic of Algeria made a state visit to the United States April 16-22, 1985. While in Washington, D.C., April 16-19, he met with President Reagan and other government officials.

Following are remarks made at the arrival ceremony and the dinner toasts by the two Presidents on April 17.¹

ARRIVAL CEREMONY, APR. 17, 1985²

President Reagan

It's a great pleasure to welcome you and Madame Bendjedid to Washington today. Yours is the first state visit to the United States by an Algerian President.

As the head of Africa's second largest nation and an acknowledged leader in the Arab, African, and nonaligned nations, your views on a wide range of issues carry great importance.

Our mutual concerns about Middle East peace, North African stability, and African economic development and political progress are among items which I look forward to discussing with you. Through these discussions we seek

understanding and progress. We seek to enhance the cooperation of our governments and improve the well-being of our peoples.

The ties between our two peoples and governments have grown over the past few years. We Americans particularly welcome the return of cordial relations, which existed in the early days of your independence. Your visit gives us an opportunity to further strengthen our bilateral ties.

In this respect, I note with satisfaction that we will sign tomorrow an agreement to establish a joint economic commission and will shortly conclude an accord on cultural exchanges. These achievements are tangible signs that the relations between the United States and Algeria are moving in a positive direction. And they're only two of the areas in which our interests coincide and are growing.

Your visit should serve as a catalyst for further friendship-building activities between our peoples and governments. The United States is already one of Algeria's major trading partners. We buy hydrocarbons from you and market American goods, services, and technology in your country. And this exchange benefits both our peoples. Let us continue to explore ways of encouraging

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this commerce and equalizing our balance of trade so we can invigorate both our economies.

I'm aware of your particular interest in American agriculture, especially our irrigation methods and farmer technology. Your trip to California, after your visit with us in Washington, should be most enlightening, and we're delighted you're going. There in my home state, you'll have the opportunity to see American know-how put to use in producing food and fiber and to visit firms which already are working with Algeria.

This is even more appropriate because of the similarity in climate between California and Algeria. And that similarity gives me a good idea of just how wonderful your country really is.

Americans are proud of our past participation in Algerian development projects, and we hope to build upon what has already been accomplished. Your material resources in Algeria are vast, but I'm sure you'll agree that the Algerian people are your greatest treasure.

We're gratified that at this time Algerian students are studying at American universities and technical institutes. The knowledge they gain will enable them to contribute to Algeria's progress and to help create a more prosperous future for our country. They will also serve as a human bridge of friendship between our peoples. This is the kind of technology transfer that we can all be proud of. American educational institutions are open and will remain open to those who would master the keys to development. In doing so, we seek to build a more prosperous world and to establish with you relations based on good will and mutual respect.

Mr. President, again, I give to you my good wishes and those of the American people. And in closing, I want to express our collective gratitude for the role which you and your government played in obtaining release of our Tehran hostages in 1981. It was a gallant effort and was in keeping with Algerian tradition. The records show that your great national hero, Abd Al-Qadr Al-Jaza'iri, personally saved Americans and others from similar danger in Damascus in 1860. And we're grateful that you're following in his proud footsteps.

I look forward to spending this time with you in our discussions on matters of importance to both of us.

President Bendjedid³

Thank you for your warm welcome and for the quality of the reception given to both my delegation and myself upon our arrival. I should also like to express the pleasure I feel coming for the first time to this rich land that has brought together people from all lands into one great nation.

We are here to bring a message of friendship and respect from the Algerian people to the American people. The Algerian people have a strong sense of communion with the principles that animated and guided the American Revolution, which represented one of the turning points in the history of the quest for freedom. They also recall the ties that our two nations developed very soon after the independence of the United States of America.

It is only natural that once it had regained its sovereignty, Algeria dedicated itself to restoring a dialogue with your country. I can say that through the years this dialogue allowed us to know each other better, to define our perceptions, and to better understand our respective approaches toward the challenges of our times.

This visit will be an opportunity to enhance our communication with regard to bilateral as well as international issues that are of common interest. Through cooperation and trade, the United States and Algeria have undoubtedly experienced benefits to both our economies. It is undeniable that there is room for development of a dynamic cooperation that respects the interests of both partners.

My country is strongly committed to the ideals of the goal of the United Nations to achieve peace and development for all the nations of this world. It is an established fact in this context that progress and peace should maintain an intimate and interacting relationship. The objective of the interdependent prosperity called for by the nonaligned countries is founded on the principle of mutual interdependence and upon a quest for a world of peace and progress.

While crises accumulate and areas of tension multiply, there is, more than ever, an urgent need for the international community to combine its efforts, to summon up its collective imagination, and to take the actions necessary to bring about an era of peace, security, and worldwide development. Algeria believes that man is endowed with

limitless abilities that can benefit the collective work of peace and progress. And as long as the capabilities are shared in order to achieve the most important task, human destiny will take a course other than that of dissension and poverty.

DINNER TOASTS, APR. 17, 1985⁴

President Reagan

It's our pleasure to have as our guests friends from a distant land. And today we've worked and, I might add, succeeded in bringing our nations and the leaders of our nations closer together.

We're proud that the United States was among the first to recognize Algeria's independence in 1962. In the years which have passed since that time, we've not always seen political issues in the same light, but total agreement is not the basis of friendship; instead it's based on respect and forthrightness. And if this be the case, Algerians and Americans should and ought to be friends.

I enjoyed our conversations today. They were productive, and the spirit was positive. These talks have reinforced the ties between our two governments and our peoples. In the course of our discussions, we covered a wide area—trade and economic planning, humanitarian efforts in Africa, and cultural exchanges. And I believe that the steps forward we made will be followed by many more. And we look forward to that progress.

After getting to know you, I'm certain you agree that nothing would better serve the joint interests of our peoples than peace and stability in the Middle East. We're aware of your particular concerns, ties, and friendships in the region, as you're aware of ours. Let us use our influence toward positive ends. Let us urge our friends toward peaceful resolution of disputes. Let us encourage them to build and to create and to do those things that make for a better life.

Americans have had a challenging Middle Eastern role for almost four decades. We've done our best to create new opportunities for peace. And we'll continue our efforts, but peace depends on all those of good will in the region, on all sides of the conflict, taking the initiative.

For our part, we continue to believe Middle East peace must emerge from direct negotiations between the parties based on U.N. Security Council Resolution 242. As you so eloquently have noted, a solution to this complex problem must address the legitimate rights of the Palestinians and provide security for all in the region, including Israel.

Algeria lies at the northern edge of a continent beset by drought and famine. We applaud your government's humanitarian efforts to help your less fortunate neighbors, both by donating funds to supplement food and shelter for the people of the Sahel and by accepting and caring for thousands of refugees from the famine. Algeria has been a leader in African self-help in this crisis and a shining example to others.

President and Madame Bendjedid, your visit to the United States is a new, high point in Algerian and American relations, and we're honored to have you here. I'm happy to have the opportunity to get to know you as a leader of a great people and as a man of vision and strength.

To His Excellency, the President of the Democratic and Popular Republic of Algeria, and Mrs. Bendjedid.

President Bendjedid³

First of all, I appreciate your kind words to me and in speaking of the Algerian people. I take great pleasure in expressing to you and through you to the American people, the sentiments of respect and friendship felt for you by the Algerian people.

Mr. President, Mr. Vice President, Excellencies, ladies and gentlemen, in this hospitable city that carries the prestigious name of one of the Founding Fathers of your great nation, allow me to evoke the deep historical roots of the relationship between our two countries, illustrated by the treaty of peace and friendship signed on the 5th of September 1795.

It equally pleases me to point out the similarity between the resistance of our two peoples to colonial occupation. Perhaps the best testimony to that is the foundation in 1846 of the city of Elkader—or in Arabic, [different pronunciation] Elkader—in the State of Iowa in memory of the Amir Abdel Kader al Jaza'iri and of the Algerian national resistance. There is certainly in that symbol that our two people share the ideals of liberty and independence, as confirmed during our struggle for national independence.

It is thanks to your invitation, Mr. President, that I am here with you today at this important time in the development of our relations. I took personal pleasure in meeting you at Cancun. I also learned from Vice President Bush during his visit to Algeria the personal interest that you attach to a dialogue between our two countries. It is indeed satisfying to observe that under your Presidency, exchanges between our two countries have been greatly reinforced and that many members of your Cabinet have contributed to that process.

Beyond existing trade relations there is, in the development of our national economy, considerable potential for multifaceted cooperation between our countries. The genius of the American people has enabled man to conquer nature. Algeria aspires to enter an era of scientific and technical progress that will lead to the acquisition and mastery of advanced technology in various fields in order to spur our national development. This is another field for fruitful cooperation. On the whole, cooperation between our two countries has produced appreciable results. The expansion of these ties is both possible and desirable.

Confronted with the demands of peace, security, and development, nations known for their power and prosperity should make an even more substantial contribution. But whether the matter concerns reversal of the arms race, disarmament, or improving international political atmosphere through crisis reduction and the elimination of tensions, or establishing more equitable economic relations and eradicating world hunger, the challenge is to create a better world for all.

The course of nonalignment, which inspires and guides the international policies of Algeria, seeks to promote harmony between all peoples, whatever the path they have chosen. The African Continent has witnessed the cumulative

anguish of institutionalized racism, of desertification, of drought, and of famine. A universal outcry is necessary to achieve the dismantling of apartheid, the achievement of Namibian independence, and bring peace in southern Africa.

In the Middle East, it is Algeria's conviction that the Palestinian problem is at the heart of the crisis in that region. Therefore, recognition of the inalienable national rights of the Palestinian people is the only path to a just and durable peace in that region.

In the Maghreb, Algeria will never cease to work in the interest of regional stability. An effort must be made to find a negotiated solution based on an African and international consensus over the question of the Western Sahara.

In regard to the conflict between Iraq and Iran, Algeria will spare no efforts to achieve a reasonable peace and good relations between these two neighbors.

The dialogue that we profoundly desire between Algeria and the United States is nourished by the need for greater understanding, agreement, and cooperation between nations.

In thanking you once again, Mr. President, for your kind invitation and for your courtesies to me and my delegation during our stay, I would like to propose a toast to friendship between the American and Algerian peoples; to understanding, agreement, and universal cooperation; to the health of Mrs. Reagan and yourself; to the health of Mrs. Bush and Vice President Bush; to the health of all the friends gathered here this evening.

¹Texts from Weekly Compilation of Presidential Documents of Apr. 22, 1985.

²Made at the South Portico of the White House where President Bendjedid was accorded a formal welcome with full military honors.

³President Bendjedid spoke in Arabic, and his remarks were translated by an interpreter.

⁴Made in the State Dining Room of the White House. ■

Communications Satellite Systems

by William Schneider, Jr.

Statement before the Subcommittee on Telecommunications, Consumer Protection, and Finance of the House Committee on Energy and Commerce on April 3, 1985. Mr. Schneider is Under Secretary for Security Assistance, Science, and Technology.¹

Thank you for affording me an opportunity to present the views of the executive branch on the subject of communications satellite systems separate from INTELSAT (International Telecommunications Satellite Organization). There has been a great deal of confusion about the nature, timing, and purpose of the presidential determination. I hope to be able to further clarify some of it here today.

Since 1983 Orion Satellites Corp., International Satellite, Inc., Cygnus Corp., and RCA American Communications have had applications pending before the Federal Communications Commission (FCC) to provide transatlantic satellite communications services. In addition, Pan American Satellite Corp. has proposed to establish a system which would serve Latin America.

Under the terms of the Communications Satellite Act of 1962, such additional communications satellite systems, separate from INTELSAT, could be established if the President determined they were required in the national interest.

The Senior Interagency Group on International Communication and Information Policy reviewed U.S. international satellite policy to determine whether, and under what conditions, authorizing satellite systems and services in addition to INTELSAT would be: (a) consistent with prevailing U.S. law, practice, and international treaty obligations, (b) in the U.S. national interest, and (c) compatible with sound foreign policy and telecommunications policy goals.

After a thorough study of the issue, the Secretaries of State and Commerce, on behalf of the other 13 members of the senior interagency group, submitted the executive branch recommendation to the President. On November 28, 1984, the President issued a determination that separate systems are in the national interest.

Despite the finding that the systems are "required in the national interest," the determination is not, in and of itself,

an authorization for any particular applicant to construct facilities or offer services. It is the role of the FCC to give such authorization. It must determine whether the services proposed by the individual applications are in the public interest, convenience, and necessity.

Conditions for Competition

Mindful of U.S. obligations under the INTELSAT agreement, and in keeping with our desire to preserve INTELSAT's vitality, the President instructed the Secretaries of State and Commerce to advise the FCC of criteria that would be necessary to assure that the United States would continue to meet its obligations. Those criteria were contained in a joint State-Commerce letter to the FCC. There are two conditions.

- Each system is to be restricted to providing services through the scale or long-term lease of transponders or space segment capacity for communications not interconnected with public-switched message networks (except for emergency restoration service).
- One or more foreign authorities are to authorize use of each system and enter into consultation procedures with the U.S. party under Article XIV(d) of the INTELSAT agreement to ensure technical compatibility and to avoid significant economic harm.

The executive branch criteria are safeguards designed to limit the economic impact of any new American systems on INTELSAT. We are the only country that has placed such strict restrictions on its own systems to protect INTELSAT. Members of other international satellite systems have not taken steps to limit competition with INTELSAT as regards the highly important public-switched message networks. The INTELSAT Board of Governors and Assembly of Parties have approved these other separate systems, and yet now these bodies have singled out the proposed U.S. systems for criticism.

We perceive a double standard being applied. If new separate systems, American or otherwise, cause significant economic harm to INTELSAT, they should not be authorized. These systems should not be prejudged by their nationality or the market they intend to serve. Based on specific proposals, and taking into account the advice of the Board of Governors, the Assembly of Parties shall express its findings in the

form of recommendations. The U.S. Government will carefully consider all recommendations and will proceed with systems it deems consistent with its obligations to INTELSAT.

The issue now is before the FCC for its action on the applications. If the FCC grants initial approval, the applicants may seek markets for their services. If they are successful and receive approval for operations from another country, we will then join with that country (or countries) in consulting with INTELSAT under the terms of the agreement. We believe that we have charted a course that will allow the evolution, "in conjunction and in cooperation with other countries, as expeditiously as practicable [of] a commercial communications satellite system, as part of an improved global communications network, which will be responsive to public needs and national objectives, which will serve the communications needs of the United States and other countries."

That language is taken from the Declaration of Policy and Purpose of the Communications Act of 1962.

U.S. Commitment to INTELSAT

Before commenting on a few current issues concerning separate systems, I would like to reiterate a commitment that many people have tried to obscure: the U.S. Government, this Administration, the Congress, and all the businesspeople I have talked to are proud of the U.S. contribution to the success of INTELSAT. Support for INTELSAT remains the cornerstone of our international telecommunications policy. It is in our national interest that INTELSAT should remain a key element in an expanding international global telecommunications satellite system.

Why Separate Systems?

The debate over separate systems should not be seen as a referendum on INTELSAT's future. The question we have to ask ourselves is not whether to permit competition with INTELSAT but how to preserve the best features of INTELSAT in a rapidly changing world. International communications services constitute an essential component of international trade today. Efficient and low-cost international communications links are an essential element of international finance, to facilitate the production and shipment of goods, and to manage U.S. off-shore operations,

assets, and investments. Good communications facilities are also critical to the continued development of U.S. trade in services, which exceeded \$40 billion in 1982.

In a recent article in *The Washington Post*, Mr. Markey cited some interesting figures. Currently, he said, it costs a minimum of more than \$2,700 an hour to transmit television programming from New York to London using the facilities of AT&T, Comsat, INTELSAT, and British Telecom. In the United States, such service can be provided over a comparable distance for \$790. Similarly, the least costly international private line service between New York and London now sells for about \$3,700 a month, while comparable service between New York and Los Angeles on a domestic satellite costs as little as \$1,150 a month.

Those large price differentials translate directly into reduced competitiveness for American companies. The question is not whether INTELSAT has been successful in bringing down costs over time but whether, for certain situations employing customized services, private companies could not do even better. Competition has served this nation well. We believe that private companies should be given a chance in this instance as well.

Services

There has been some question about the kind of services these new companies would offer. All of the service options being talked about deal with either video distribution or fully interconnected, intracorporate networks operating from customer premises. None of them would compete with the public-switched network traffic that makes up more than 80% of INTELSAT's revenues. But the individual services were not the basis on which the senior interagency group made its recommendation to allow competition. That was based on the belief that competition is the most efficient way of making the widest range of services available to consumers at the lowest possible prices and should be permitted, given adequate safeguards for INTELSAT's viability. Most of the services that these companies plan to offer involve combinations of satellite positioning, frequency use, and customer convenience in innovative ways.

One example is small, customer-premises antennas linked to a single satellite covering the entire continental United States and Western Europe, thereby eliminating terrestrial and

sometimes domestic satellite links that add to the cost and decrease reliability. One company plans to offer intracorporate data links much like the INTELSAT business service. It will provide the same basic service in a new format and, in some cases, more directly and, they claim, at reduced cost. In many places, INTELSAT services are only available over 30 meter C-band Earth stations and terrestrial links. International Satellite, Inc. claims, for example, that none of the satellite deployment plans approved by the INTELSAT Board of Governors would provide city center service to such major American cities as Houston, Miami, New Orleans, or Seattle.

Regional and Specialized Separate Systems

INTELSAT is certainly the premier international commercial communications satellite system, but its members have shown that they do not believe it should be the only one. International systems already abound and more are contemplated. Eutelsat continues to grow; Palapa, originally conceived as a national system, now serves Indonesia and its neighbors; Arabsat is about to become a reality; the Andean nations are exploring the possibility of launching a system of their own, as is the Pan African Telecommunications Organization. Even Papua New Guinea has a system on the drawing boards which, to be economically viable, will have to be converted into an international system, competing with INTELSAT, to survive. The owners of these competing systems are all INTELSAT members.

When new services are suggested that can be met within the existing or planned equipment in the INTELSAT system, INTELSAT has a significant competitive advantage. Where new services are not part or wholly outside the current capability of INTELSAT, INTELSAT may wish to invest its resources in expanding its capability to offer these new services and thereby compete with others. Or INTELSAT may choose not to make such investment and maintain the focus of its efforts on its existing services. But it is important that such new services be permitted to be tested under open market conditions. Expanding markets through the efforts of entrepreneurs is one of the principal characteristics of growth in the American economy, and its benefits to the advancement of international communications should be fully utilized.

While the current international communications market is expanding at a significant rate, it is clear that new entrants offering new services and competing services will further increase the growth rate of this market.

INTELSAT has the experience and the aggressive leadership required to compete in open markets. It has the added advantage of established systems and customers who are well acquainted with its quality service and its proven track record of meeting new service demands through forward planning and sound fiscal management.

Competition Beyond Separate Systems

It can be argued that the traffic diverted from INTELSAT by these existing international systems is minor. But that is not the point. The heart of the matter is that for one reason or another, nations have found it necessary to set up satellite systems outside of INTELSAT. Every system is a harbinger of the future that we must not ignore. The times are changing, and what worked well yesterday will not necessarily serve us as well tomorrow.

Because we recognize our obligation to the INTELSAT system, we have imposed strict conditions on competing satellite systems. But these conditions will not protect INTELSAT forever. The members of INTELSAT need to develop a strategy that will allow the organization to continue to be a vital link in the global telecommunications system.

However, time for such consideration is growing short. The first transatlantic fiber optic cable will become operational in 1988. Transpacific cables will soon follow. Another private transatlantic fiber optic cable, with enormous capacity, has already received tentative approval from the FCC. An application for another private system is under consideration.

The wide band-width and high capacity of fiber optics systems make them ideal for the transmission of data and video, two of the most likely areas of future growth. In short, they are attractive alternatives to satellite systems. Moreover, fiber optics will allow international communications to grow tremendously without further congesting the frequencies already used for satellite and radio communications.

Beyond the existing separate systems and fiber optic cables, no one really knows where further competition will come from. The ability of any single provider of services to predict what the market will look like even 2 to 3 years

hence has not been very good. The most practical answer is to permit the open marketplace to test new technologies and services. Through competition the customer selects his needed services at affordable prices.

Pricing Flexibility

INTELSAT's ability to compete must be evaluated on criteria that go far beyond simply pricing flexibility in its narrow meaning. Additional criteria include product differentiation, quality of service, track record and expertise, accumulated "good will," support facilities, market position and strength, and economics of scale or scope. On all of these points INTELSAT is a formidable competitor. Even on the narrow issue of pricing flexibility, INTELSAT appears to have a good deal of leeway.

Article VII of the INTELSAT operating agreement requires that space segment utilization charges "shall have the objective of covering the operating, maintenance, and administrative costs of INTELSAT, the provision of such operating funds as the Board of Governors may determine to be necessary, the amortization of investment made by Signatories in INTELSAT and compensation for use of the capital of Signatories."

Article V(d) of the agreement states that "...the rates of space segment utilization charge for each type of utilization shall be the same for all applicants for space segment capacity for that type of utilization." This provides the guiding principle for establishing charges based on utilization. It means, essentially, that once a particular service has been defined on the basis of operational parameters, prices charged for that service will be the same for all users served. Thus thin-route customers pay the same for a specific INTELSAT service as customers on heavily used routes.

In essence then, there are two basic requirements regarding INTELSAT's charging practices. First, the same price shall be charged for the same type of space segment utilization, and second, prices charged (and revenues generated) must cover costs and an appropriate return on capital.

In the opinion of INTELSAT's Legal Advisor, the organization has a great deal of flexibility. In a memorandum entitled "Determination of INTELSAT Space Segment Utilization Charges," he stated that "in establishing utilization

charges, the Board of Governors has significant flexibility in determining the extent of cost recovery for each type of utilization and in defining types of utilization for which different charges may be set. A type of utilization may be defined on the basis of a wide range of operational parameters, (including technical elements, role of the satellite to be used, the degree of protection given, etc.), but not on the basis of who the users are, i.e., on an individual link basis or on a geographic basis." We concur with this conclusion.

Leakage into the Public-Switched Networks

One complaint against the determination is that it depends for its success on a restriction—no connection to the public-switched networks—that is inherently unenforceable. We don't accept that assertion. While it is certainly possible that some leakage into the networks may occur, experience with the Federal Government's FTS system and other WATTS services indicate that the amount will not be significant. Neither the determination nor most of the laws of the United States are based on the assumption that people are inherently dishonest, but rather on voluntary compliance. Widespread cheating is, in our view, neither probable nor inherently undetectable. To give up the advantages of competition on the off chance that someone might cheat would not, in my view, be either prudent or productive.

Informing INTELSAT Members

We continue our longstanding efforts to keep the members of INTELSAT briefed on our actions.

Long before the presidential determination was announced, the Department of State launched a major effort to meet bilaterally with our major allies to discuss communications issues. Under the leadership of the Coordinator for International Communication and Information Policy, such sessions have been held with the United Kingdom, the Federal Republic of Germany, the Netherlands, Canada, Mexico, and Japan. Additional meetings are scheduled later this month with Italy, the Vatican, and, again, with the U.K. Separate satellite systems have been a prominent topic in all of those meetings. In addition representatives of the Department of State have met individually with representatives of many other countries including France, Spain,

Brazil, Argentina, Chile, and most of the nations of the Caribbean. In every case, we have carefully explained current U.S. actions on this issue, reiterated our continuing support for INTELSAT, and answered innumerable questions.

In addition, at meetings of the International Telecommunication Union (ITU) and at the Assembly of Parties of INTELSAT, we have worked strenuously to make our story known. In formal sessions, we have put our views on the record.

Once the presidential determination was signed last November, our Embassies in all INTELSAT member countries were provided with copies of the determination, the letter to the FCC, a list of questions and answers to be used with host country officials, and a draft letter to be sent by our Ambassadors to appropriate officials explaining the issue in detail. Embassy officers were instructed to make our views known, not only to PP's but to Ministries of Foreign Affairs, Trade, and Economics. The U.S. Information Agency (USIA) has distributed material about the decision to public affairs officers around the world with instructions to discuss the issues at every appropriate opportunity with host country officials. Here in Washington, the Department of State distributed copies of the determination, the letter to the FCC, and the list of questions and answers to all INTELSAT member country embassies with a diplomatic note offering to brief interested representatives.

However, we are not in a position to undertake extensive detailed discussions with other governments until the FCC completes its action and we have a specific proposal, including the identification of a foreign partner, to discuss. The U.S. decision process is a very open matter and although the presidential determination is known, it is not reasonable to expect that other governments will be in a position to have meaningful discussions on separate systems until the FCC has acted and a specific proposal is presented which meets the executive branch criteria and any FCC requirements.

The vitality of INTELSAT in the longer term will depend upon its ability to effectively and with economic efficiency serve a portion of the international communications market. Fiber optics may well offer very significant competition to INTELSAT. It is necessary that

INTELSAT optimize its economic efficiency and take full advantage of its unique qualities to ensure its long-term vitality. The current potential competition from the U.S. applicants for separate systems has already stimulated INTELSAT. It is important that the parties and signatories of INTELSAT

give careful consideration to the future business of INTELSAT.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 ■

U.S. Space Programs: Cooperation and Competition From Europe

by Harry R. Marshall, Jr.

Address before the Senate Business Roundtable in Houston, Texas, on April 17, 1985. Mr. Marshall is Principal Deputy Assistant Secretary for Oceans and International Environmental and Scientific Affairs.

Twenty-five years ago, on April 1, 1960, a Thor-Able rocket blasted off from Cape Canaveral carrying a small spacecraft. From 400 miles, the satellite circled the globe each hour and 35 minutes taking primitive but unique pictures of the world below.

TIROS I had ushered in a new era in meteorology. Now, from the top looking down, fronts, storms, hurricanes, and typhoons not only could be seen in their entirety, but their location and movement could be monitored.

Since the invention of the telegraph in the mid-1800s, weather information has been freely shared and exchanged throughout the world. With TIROS I, however, instead of a few bits of the world weather puzzle being shared by teletype and radio broadcasts, it was possible to provide cloud photographs direct from space.

Within months after the launch of TIROS I, ECHO I and TRANSIT were deployed and became the forerunners of the international communications and navigation satellite systems. In only 25 years the international benefits of space have become commonplace realities.

International Space Cooperation

In the 1958 Space Act, it was recognized that our nation "may engage in a program of international cooperation in work done pursuant to this Act, and in the peaceful application of the results thereof. . . ."

Today, our international activities demonstrate the many applications of space science and technology for peaceful purposes and provide opportunities for contribution by scientists of other countries to the tasks of increasing human understanding and use of space.

Cooperative activities range from flight of foreign spacecraft to ground-based study and analysis of data. Activities include contributions of experiments or payloads to be flown in space, joint projects to develop flight hardware, use of data provided by satellites, and joint publication of scientific results.

These cooperative programs are generally carried out under government-to-government science and technology agreements coordinated by the State Department. In addition, NASA [National Aeronautics and Space Administration] provides, on a reimbursable basis, commercial services such as deployment of telecommunication satellites.

I would like to look a little closer at some specific space activities, discuss their international aspects, and consider where we are today and where we are headed in the next few years—exciting years they will be—in our space programs.

Space Station

Let me start with our newest and largest endeavor—the space station.

The U.S. commitment to international cooperation in a space station was initiated a little over a year ago. As President Kennedy had done two decades earlier, President Reagan appeared before the U.S. Congress and, in his State of the Union Address in January of 1984, announced a challenge to develop a permanently manned space station within 10 years' time.

Plans call for the space station to be operational by the mid-1990s. It will be able to grow both in size and capability and is intended to operate well into the 21st century. It is planned to be placed in low Earth orbit, about 300 miles high and at an inclination to the equator of 28.5°. It will include a number of pressurized modules and a power supply of about 75 kilowatts, support a crew of six to eight people, and have two or more free-flying platforms.

For the purpose of the definition and preliminary design activity, NASA has selected a space station reference configuration called the "power tower." This is one of a family of configurations that uses similar elements or components. The power tower family is considered a starting point for the Phase B definition studies and is expected to undergo significant modifications as the studies progress.

Launch of the space station elements and subsequent transportation between Earth and the station will be provided by the space shuttle. NASA expects this activity to start in 1992. It will be assembled in orbit and is expected to reach initial operating capability in 1994.

Once completed, the station will take on many missions and serve many purposes—many are not defined, some are not even imagined—such as:

- A laboratory in space for the conduct of science and the development of new technologies;
- A permanent observatory from which to observe Earth and the universe;
- A stopover where payloads and vehicles are stationed and processed en route to their destinations;
- A servicing facility where payloads and vehicles are maintained, repaired, and refurbished;
- An assembly facility where large space structures and systems are assembled and checked out;
- A facility to enable manufacturing in space, where the unique space environment enhances commercial opportunities derived from space;
- A storage depot where payloads and parts are kept in orbit for subsequent use; and
- A staging base for possible future missions, such as a permanent lunar base, a manned mission to Mars, a manned survey of the asteroids, a manned scientific and communications facility in geosynchronous orbit, or unmanned planetary probes.

A major objective of the space station program is to bring about participation of international partners as builders, users, and operators of the space station. Since last year, a U.S. negotiating team has been in close contact with foreign counterparts to lay the foundation leading toward international participation. Each international participant will fund its own costs and award its own definition and preliminary design contracts in coordination with the NASA activity.

Our European partners are working collectively through the European Space Agency (ESA), with predominant participation by the Federal Republic of Germany, the United Kingdom, France, and Italy. In addition to the ESA nations, Japan and Canada have made the necessary political and budgetary decisions so that they can participate in the program.

Yesterday, in Ottawa, we closed with Canada, next week (April 27) we will sign with ESA, and in May we will conclude with Japan for the design phase of the program. During the next 2 years, follow-on agreements governing cooperative development, operation, and utilization of the space station will be negotiated. This program will be conducted with appropriate protection against unwarranted technology transfer, although we have assured our partners that information necessary to conduct the joint program will be made available. No technology transfer is necessary during the design phase—Phase B—of the program.

Formal decisions and commitments to provide hardware for the station will not be made until the end of Phase B; however, partners have each indicated the range of their activities. Europe is estimating a contribution in the \$2–2.5 billion range, to include a pressurized laboratory module and an unmanned platform; Japan has plans for a laboratory module worth about \$1 billion; and Canada anticipates providing a remote handling and servicing facility and other systems costing about \$300–400 million. All of this will enhance the planned \$8 billion U.S. investment in the program.

The space station will be the focal point for free world space operations well into the next century. In addition to enhancing our allies' national prestige and allowing them to reap the economic benefits of this major technological undertaking, participation will underscore our mutual commitment to the peaceful uses of space.

Space Transportation System

Just as the space station is now beginning to move out from the wings, the space shuttle is certainly at center stage.

Mission 51-D, launched last Friday, was the 16th shuttle mission to be undertaken. Our first astronaut-politician, Senator Jake Garn of Utah, is aboard as a payload specialist. Senator Garn is providing a unique physiological test-bed for monitoring bodily functions in the weightlessness of space.

Canada's ANIK C-1 telecommunications satellite used the shuttle as a "first stage" on their way to geostationary Earth orbit (GEO). As you know, the Navy's LEASAT 3 did not get to GEO following its "frisbee" ejection from the shuttle. Its integrated upper stage was to have ignited 45 minutes after ejection from the shuttle—this did not occur. Earlier today, the shuttle crew attempted to trigger the ignition of the upper stage motors with the remote manipulator—unfortunately, without success.

There always is more public interest when operations do not proceed as planned, for as the launches have become more frequent, they have been taken more for granted by many Americans. This occurred, to a great extent, during the earlier U.S. manned space program of Mercury, Gemini, and Apollo.

However, the international prestige of the shuttle, and our space program, is at a fevered pitch. Indeed, there is an impressive list—and almost a clamor—from our friends abroad to have one of their own be a shuttle astronaut. On 2 of the first 16 flights, we have had foreign payload specialists from Canada and Germany. This year will see additional international participation with astronauts from France, Saudi Arabia, Holland, Australia, and Mexico. And in the coming years, India, Indonesia, Great Britain, Brazil, Italy, and Japan will join the list of countries that have provided native astronauts.

While the human interest is certainly in the best interests of our foreign relations and prestige, these foreign payload specialists are fully trained for their job—usually working with a payload which represents an investment of tens of millions of dollars to their countries. This, however, invites my discussion of another subject: the mission of the shuttle to launch commercial and foreign payloads which present a matrix of difficult issues.

Challenge From Europe

For many years, the United States enjoyed a monopoly on commercial space launches. In the early 1980s, about the same time as the first shuttle flights took place, the marketplace for space launches of telecommunication satellites was altered irrevocably by a new space launch vehicle—the ARIANE—actually a family of expendable launch vehicles capable of placing different size payloads in geosynchronous Earth orbit.

For example, ARIANE 1, first launched in 1979, can place 2,300 pounds in geosynchronous Earth orbit. It is being replaced by ARIANE 2 and 3, with an increased capability to launch 2,700–3,100 pounds to GEO. The first launch occurred last August. To date, there have been 12 ARIANE launches, of which 9 have been fully successful and one partially successful.

In mid- to late 1986, ARIANE 4 will be ready to launch and provide a GEO lift capacity up to 5,100 pounds. ARIANE 5 is now on the drawing boards and, in the early 1990s, is expected to demonstrate an ability to take 8,000 pounds to geostationary altitudes. It also will be able to place similar weight payloads in escape missions.

The ARIANE rockets have been developed by the European Space Agency and built by European industry. They are marketed and launched by Ariane-space, S.A.—a French company owned by West European governments, aerospace manufacturers, and banks. Although the French Government has funded 60% of ARIANE's development, ARIANE represents the European commitment to space technology.

Arianespace follows a very aggressive marketing strategy, and, because of its flexibility, it has successfully underbid the shuttle. Arianespace can also arrange favorable financing, payment terms, and capping of insurance premiums. Arianespace's order book reportedly totals nearly 8 billion francs (\$875 million), covering firm launches of 28 satellites and reservations for an additional 11 launches for a total of 12 European and non-European customers. Specifically, this breaks down to 6 ESA satellites, 10 other European satellites, 6 U.S. satellites, and 6 spacecraft from non-European, non-U.S. sources.

Arianespace's public position is to capture one-third of the commercial launch services market. However, Arianespace is doing even better, as analyses of the 1984–87 period show the shuttle launching only 55% of the commercial market. Arianespace has, in fact, succeeded in attracting INTELSAT

[International Telecommunications Satellite Organization], traditionally a regular user of U.S. launch vehicles, and several U.S. companies such as GTE, which has entrusted Arianespace to launch five satellites.

Not only has Arianespace complicated the commercial market for the shuttle, but it provides a formidable challenge to the development of a commercial ELV [expendable launch vehicle] industry in the United States. Since the decision to phase out ELVs for government use, the Administration has been supporting their privatization. A 1983 National Security Decision Directive directed the U.S. Government to fully endorse and facilitate ELV commercialization.

The three firms, representing proven U.S. launch systems (the Delta, Atlas/Centaur, and Titan), have so far not concluded a single commercial payload contract. Arianespace's launch pricing is keyed to compete with the currently subsidized Phase 2 shuttle price. Obviously this practice will essentially bar any private sector competition unless U.S. Government prices rise to the level above private sector costs.

The ARIANE launch systems clearly have some operational advantages over U.S. ELV systems, such as higher payload capability because of their launch location closer to the equator in French Guiana. Their launchsite location translates to about 12% more performance capability to geosynchronous orbit than that available from the Kennedy Space Center. This advantage provides savings not only in propellants but in overall system size and complexity.

As many of you know, Transpace Carriers, Inc. (TCI), the U.S. firm marketing the Delta rocket, filed a complaint under Section 301 of the Trade Act last July. TCI alleged that foreign government practices which subsidize Arianespace are unfairly diminishing TCI's relative competitiveness. TCI charged that illegal dumping of services was occurring because Arianespace was charging U.S. customers less than it did for ESA members. The complaint asked for an investigation by the U.S. Trade Representative and for appropriate relief.

The major U.S. Government objective in conducting the Section 301 investigation is to gain as thorough and precise an understanding as possible about the nature of the government assistance provided to Arianespace.

Because of the complicated network of relationships among Arianespace,

ESA governments, and public and private corporations in ESA member states, it has become clear that discussions with ESA alone cannot reveal the full extent of possible government assistance to Arianespace. For this reason, the United States, acting through the U.S. Trade Representative, has requested discussions with Arianespace and ESA member states. In fact, one might believe that a full investigation of government subsidy would not be complete without ascertaining the cost of government-controlled suppliers and providers of services to Arianespace.

I should note that ESA made its participation in the 301 talks conditional on having the reciprocal opportunity to obtain information on U.S. Government assistance to launch services, with respect to both the STS [space transportation system] and the ELV industry. We have provided information only on Phase 1 and 2 shuttle prices.

The investigation by the U.S. Trade Representative must be completed in July. One more meeting is scheduled for May, when discussion of possible member country subsidy will take place. A report and recommendation to the President will follow, possibly by June.

ESA has vigorously objected to NASA's shuttle pricing and has lobbied for higher prices for fiscal year (FY) 1989-91. NASA has recommended a price of \$87 million for FY 1989-91. The Congressional Budget Office has done a study providing various models for calculating a price ranging from \$42 to \$150 million, in 1982 dollars based on a 24-flight rate. The House of Representatives amended NASA's FY 1986 authorization bill to provide a price range which, depending on a flight rate, would range between \$45 and \$105 million. House Appropriation Subcommittee Chairman Edward Boland is proposing a freeze on NASA's current price of \$71 million for the 1989-91 timeframe.

Not to be outdone, the executive branch has been engaged in a dual process to arrive at a shuttle pricing policy for FY 1989-91. A working group of the Cabinet Council on Commerce and Trade has completed a report and a working group of the Senior Interagency Group (Space) is now preparing its options paper for the President. It will most likely contain the NASA preference of \$87 million and another option with a higher price or price range based on a calculation which includes such factors as replacement costs for the orbiter. A vexing problem is ascertaining

with any certainty, 3-6 years in advance, what the actual flight rate will be on which the price should be based.

Of course, different interests have different views on what a proper shuttle price should be. The commercial users of the shuttle and upper stage manufacturers generally advocate recovery of only marginal costs (lowest reasonable price), and the ELV industry naturally looks toward total cost recovery (higher pricing). Nonetheless, the pricing policy decisions of the next month or so must also keep the international aspects in focus.

ESA and ESA member government representatives have voiced several concerns to various senior administration officials about future shuttle prices which include subsidies. These concerns center on the elements involved in "full cost recovery" as defined by NASA.

They believe that the cost of production of vehicles and of spare parts must be considered in full cost recovery and that the launch rates proposed are erroneous. They also question the operating cost reductions based on what they term as overly optimistic, anticipated learning curves. The results, say the ESA member governments, are subsidies provided by congressional appropriations.

At this time, the extent of availability of the fleet of four orbiters to carry future commercial payloads is unclear. The number of flights to assemble and maintain the space station and the number of Department of Defense flights relating to research for the space defense initiative are not known and would have to be added to the government-dedicated usage currently anticipated.

Before leaving this subject, I should comment on other nations which have varying interests to enter this international market for launch services. The Soviet Union and China have been soliciting customers, with some degree of activity. Hardly a month goes by when the trade press has not reported another account on this initiative from Beijing. Soviet interest has been less visible—but apparently serious and with bargain basement prices.

Apart from launch reliability concerns, technology transfer constraints would bar any such East-West trade in this area. INTELSAT and INMARSAT [International Maritime Satellite Organization], international organizations in which the Soviet Union participates, have been considering the Soviet launch offer.

As always with a high-technology endeavor, Japan must not be ruled out as a competitor. Although I have no doubt that Japan could develop a commercial-scale launch capability, if it occurs at all, it would not be in the very near future. Officially, Japan has no intention to enter this market; however, the larger H-2 rocket now planned would provide the capacity for launches of the new generation satellites. Production of the H-2 launcher is a long way off, however, and other constraints exist which mitigate against any near-term entry into the international market.

Remote Sensing

Within a year, the French space agency, *Centre National d'Etudes Spatiales*, plans to deploy a commercially oriented earth remote-sensing system known as *Système Probatoire d'Observation de la Terre* (SPOT). The services to be provided by the French satellite are already being marketed in the United States and elsewhere by the Toulouse-based SPOT-Image Corporation.

SPOT, when deployed, will be superior in a number of ways to the current U.S. LANDSAT [land remote-sensing satellite] system. For example, SPOT will provide better resolution and the pointability capacity of its sensor will provide a stereoscopic dimension not available from LANDSAT.

There have been delays in the SPOT program, however. Original estimates called for deployment in 1985. Nevertheless, with the demise of LANDSAT 5 in a few years and without any follow-on U.S. system, the market, to the extent it exists, would be left to SPOT-Image.

I should note that SPOT-Image could offer a type of service not available from LANDSAT—exclusivity. For example, an oil company which desired to sense a prospective region could purchase such services on an exclusive basis. This means that competitors or other interests would not have access to the raw data or its finished product. This would be comparatively more expensive, of course, and the market for such discriminatory services is, at present, uncertain.

Meanwhile, what has been happening in the United States with respect to remote sensing? The Administration's LANDSAT commercialization initiative and the 1984 LANDSAT legislation provide the governmental framework to permit private commercial activity and innovation in taking over, developing, and operating a U.S. remote-sensing system, consistent with international

obligations. Most importantly from the international perspective, the legislation provides the Secretary of State with the requisite authority for ensuring that private commercial earth remote-sensing activities are conducted in strict accordance with the obligations of the United States under recognized international space law.

Negotiations with Earth Observing Satellite Company (EOSAT), a joint venture of Hughes Aircraft Company and RCA Corporation, to provide a commercial follow-on to LANDSAT await final commitment as to the amount of the U.S. Government subsidy to be involved. The Department of Commerce has been willing to provide a maximum of \$250 million to EOSAT for two additional satellites. EOSAT, however, wants the government to pay for the launching costs of the spacecraft in addition to the \$250 million.

Besides providing for a follow-on remote-sensing system, the 1984 LANDSAT legislation establishes a regulatory regime for the operation of remote-sensing satellites and data distribution by private entities, subject to U.S. jurisdiction. Besides covering U.S. owners and operators, it would regulate a foreign operator or owner which is a subsidiary of a U.S. parent corporation.

In the case of remote sensing, certain governmental supervision is necessitated by virtue of international treaty obligations. As U.S. remote sensing heretofore has been undertaken by governmental agencies, this issue has not arisen until now. It is, of course, a matter which must be addressed not only in the United States but in any country where nongovernmental remote-sensing operations are to be undertaken. Not much is known, at this time, regarding requirements other governments may impose to carry out their treaty obligations.

In addition to France, the European Space Agency and Japan also have plans for deployment of remote-sensing satellites. ESA's Earth Remote Sensing Satellite No. 1 (ERS-1) and Japan's Marine Observation Satellite No. 1 (MOS-1) have planned deployment dates of 1989 and 1990, respectively. The orientation of both the ESA and Japanese satellites will be toward ocean, coastal zone, and (for ERS-1) sea ice sensing. Both systems are, however, expected to contain some land remote-sensing capabilities.

An important remote-sensing issue is the continuing debate in the United Nations. This year a major agenda item in the Committee for Peaceful Uses of Outer Space will be the development of

a set of principles on civilian remote sensing of the earth. The main questions center on the access to the data which is acquired and the responsibilities of the state from which the remote-sensing satellite is launched.

Soviet-U.S. Cooperation in Space

We believe that it may be beneficial to engage in cooperation with the Soviet Union in space projects which have a true international character. However, it must be remembered that this cooperation continues to be a part of our overall foreign policy relationship with the U.S.S.R. It is not an independent effort. Our current efforts are modest but indicate our interest.

The Soviet Vega spacecraft en route to comet Halley will make a brief but significant swing by Venus. While near the upper limits of the Venusian "atmosphere," probes will be deployed toward the surface. Constant altitude balloons will be released from the probes as they enter the dense layers of carbon dioxide and will there carry instruments along with the Venusian wind fields. NASA deep-space-tracking antennas, which are superior to those available in the U.S.S.R., will follow the drift of the Soviet balloon to record the wind fields of Venus and collect data for scientific measurements.

A second project involves the Soviet launch this summer of a biosatellite spacecraft. Precise devices supplied via NASA will be fitted to the primate occupants to provide critical physiological measurements. These U.S.-manufactured instruments are not available in the U.S.S.R. and, in exchange for their use, Soviet bioscientists have agreed to bring the data here and discuss the results in this country.

The most productive space cooperation with the U.S.S.R. and others is the Search and Rescue Satellite Program—(COSPAS-SARSAT). This program, involving both U.S. and U.S.S.R. spacecraft platforms, uses a system designed by the French for the reception of an emergency locator transmitter (ELT) signal. The inexpensive ELTs (approximately \$100) are widely used in civil light aircraft, boats, and offroad vehicles. Once the ELT distress signal is picked up by satellite, rescue forces can be activated in minimum time. In less than 3 years of testing, nearly 400 lives have been saved by this system. Since the system is multinational, agreements concerning the operational phase of the system are being considered at the United Nations.

WESTERN HEMISPHERE

Under the current system, the COSPAS-SARSAT program would continue after 1990 through technical agency memoranda of understanding. The parties' obligations would be on a "best efforts" basis and subject to the availability of funds. Cooperation would consist of instrument contributions and coordination of nationally owned and operated satellite systems. Presumably, Canada, France, the United States, and the U.S.S.R. would maintain their current contributions or fly instruments on other satellites.

Other countries might allow space on their satellites for instruments and could, in this way, become full participants. Any interested country could establish a local user terminal (LUT) or deploy ELTs. Greater cost-sharing could be accomplished through additional national contributions to the space segment or possibly through charging nominal fees to LUT operators. The latter case would require appropriate mechanisms for disbursing fees among the COSPAS-SARSAT parties.

For all future international agreements the following ground rules will apply.

- Funding mechanisms should not increase significantly the current costs to the COSPAS-SARSAT partners and should not act as a disincentive to using the system.

- The space segment only will be covered by future arrangements. Deployment of ELT will be the responsibility of SAR [search and rescue] forces in coordination with the space segment operator.

- Greater participation in the space segment through contributions should be encouraged. This also includes flight of SAR instruments on satellites other than those of the U.S.S.R. and NOAA [National Oceanic and Atmospheric Administration] and on the space station platform.

- Implementation of new arrangements should be accomplished by the end of this decade.

- Under any arrangement, the COSPAS-SARSAT partners must retain an acceptable level of control to adequately meet national requirements.

- Services will be available worldwide to any ELT user.

Prudent caution has been our guideline in all undertakings with the Soviet Union. As you may be aware, there has been mention in the media of massive joint space venture, such as U.S.-Soviet expeditions to Mars. Our

position on such an undertaking was addressed in a recent letter from the Department of State to the Senate Foreign Relations Committee. Relevant excerpts are as follows:

The President stated, on October 30, 1984, the desire to increase contacts with the Soviet Union and U.S. willingness to work with the Soviets on cooperation in space in programs which are mutually beneficial and productive. In that spirit, the United States' offer to carry out a joint simulated space rescue mission with the Soviet Union was reiterated. They have not made a substantive response.

This proposal followed recent East-West cooperation in the biosatellite missions and the Vega mission, currently on the way to Venus. While joint missions to Mars may evolve, it appears premature to address such specific long-term undertakings.

The Department believes that cooperative efforts in space must be carefully formulated in the context of our overall relations with the Soviets. They must follow a balanced step-by-step approach and would have to include an analysis of contributions to the U.S. space program and budget and national security considerations.

Conclusion

In closing, I would like to mention that at the end of March we exchanged diplomatic notes with Japan pursuant to which NASA will provide services for Japan's first materials processing test in Spacelab in 1988. Since the flight is 3 years away, information is not yet available regarding the type of materials Japan may select for processing in the zerogravity environment of space. Usually these are new and exotic. Let me note, however, two further comments with regard to this agreement.

First, the good news: the launch by NASA is on a reimbursable basis; that is, Japan will pay the United States up to \$71 million (1982) for the flight—which is attractive, considering our current balance of trade.

Now, perhaps, the bad news: in the 1950s Japan obtained the right to manufacture a very small, new device from our Bell Laboratories. At that time many thought the device to be only a gadget for toys. Today, the transistor is the foundation of an \$80 billion industry. ■

U.S.-Guatemala Relations

JOINT STATEMENT, JULY 18, 1985¹

Yesterday, a meeting was held at the State Department between a Guatemalan delegation (including the President of the Central Bank, the Minister of Finance, representatives from the private sector, the cooperative movement and trade unions) and senior State Department and AID officials. The purpose of the meeting was to discuss Guatemala's economic situation, the political implications of these economic and financial problems and to explore ways in which the United States could assist Guatemala.

The meeting, which highlighted the positive state of bilateral relations between Guatemala and the United States, was held within an environment of friendship and mutual understanding. The United States recognized the importance of the composition of the Guatemalan delegation, and noted that the diverse representation was evidence of the broadly based efforts that Guate-

malans are making to overcome their present economic and political difficulties.

The United States expressed strong support for fiscal and economic measures that are being undertaken within an adjustment program, and announced it was making available an additional \$20 million in medium-term CCC [Commodity Credit Corporation] credits for the purchase of U.S. agricultural products. The United States views in a positive light the intention of the Guatemalan Government to reach an agreement with the International Monetary Fund. This strong support is consistent with that being provided to Guatemala's process of democratization which the United States considers of essential importance for Guatemala as well as the Central American Region.

Within this context, the United States is prepared to seek additional financial assistance for Guatemala.

¹Made available to news correspondents by acting State Department spokesman Robert Smalley. ■

July 1985

The following are some of the significant official U.S. foreign policy actions and statements during the month that are not reported elsewhere in this periodical.

July 3-6

U.S. and Vietnam officials meet in Hanoi to discuss the issue of American MIAs. Vietnam authorities pledge to return the remains of 26 men and provide material evidence or information on six others.

July 9

The House approves an amendment to the 1986 foreign aid authorization bill sanctioning overt military or economic aid to Cambodian resistance forces fighting Vietnamese occupation. The vote is 288 to 122.

At the International Energy Agency ministerial meeting in Paris, the U.S. calls on member countries to encourage free trade in oil products to ensure competitive prices and benefits to the consumer. Energy Secretary Herrington heads the U.S. delegation.

July 10

The House votes 236 to 185 to lift a 9-year-old ban on U.S. bilateral assistance to Angola.

July 11

U.S. expedites delivery of Sidewinder air-to-air missiles and Stinger ground-to-air missiles to Pakistan in response to repeated violations of Pakistan's air space and territory by communist aircraft operating from Afghanistan.

July 13

Angola announces it is suspending talks with the U.S. on Namibian independence in response to recent congressional votes to lift repeal of the Clark amendment.

A Soviet truck rams a vehicle carrying three U.S. military liaison officers who were observing a Soviet unit in East Germany. Two officers are injured; the U.S. files a protest with the Soviet Mission in Potsdam.

July 15-26

The UN World Conference on Women meets in Nairobi marking the end of the UN Decade for Women. Delegates review and appraise the successes of the past 10 years and formulate ways to implement their goals to the year 2000. Maureen Reagan heads the U.S. delegation.

July 19

Secretary Shultz meets with Egyptian Prime Minister Ali.

U.S. announces a reward of up to \$100,000 for information leading to the effective prosecution and punishment of those responsible for the murders of six U.S. citizens on June 19, 1985, in San Salvador.

July 20

Secretary Shultz meets with Pakistan Foreign Minister Yaqub Khan.

July 22

The Department of State cancels the travel advisory to U.S. citizens regarding security at Athens International Airport. ■

Current Actions

MULTILATERAL

Antarctica

Recommendations relating to the furtherance of the principles and objectives of the Antarctic Treaty (TIAS 4780). Adopted at Washington Oct. 5, 1979.¹

Notification of approval: France, June 3, 1985, for recommendations X-2 through X-8.

Recommendations relating to the furtherance of the principles and objectives of the Antarctic Treaty (TIAS 4780). Adopted at Buenos Aires July 7, 1981.¹

Notification of approval: France, June 3, 1985, for recommendations XI-2 and XI-3.

Recommendations relating to the furtherance of the principles and objectives of the Antarctic Treaty (TIAS 4780). Adopted at Canberra Sept. 27, 1983.¹

Notifications of approval: Federal Republic of Germany, July 9, 1985; Norway, June 12, 1985.

Arbitration

Convention on the recognition and enforcement of foreign arbitral awards. Done at New York June 10, 1958. Entered into force June 7, 1959; for the U.S. Dec. 29, 1970. TIAS 6997.

Territorial application: Extended to Guernsey by the U.K. Apr. 19, 1985; effective July 18, 1985.²

Biological Weapons

Convention on the prohibition of the development, production, and stockpiling of bacteriological (biological) and toxin weapons and on their destruction. Done at Washington, London, and Moscow Apr. 10, 1972. Entered into force Mar. 26, 1975. TIAS 8062.

Ratification deposited: Peru, June 11, 1985.

Commodities—Common Fund

Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 27, 1980.¹

Ratification deposited: Belgium, June 6, 1985.

Conservation

Convention on the conservation of Antarctic marine living resources, with annex for an arbitral tribunal. Done at Canberra May 20, 1980. Entered into force Apr. 7, 1982. TIAS 10240.

Accession deposited: Uruguay, Mar. 22, 1985.

Defense

Memorandum of understanding on the coproduction and sale of modular thermal imaging systems, with annex. Signed at Washington July 11, 1985. Entered into force July 11, 1985.

Signatures: U.S., Federal Republic of Germany, Switzerland, July 11, 1985.

Finance

Agreement establishing the International Fund for Agricultural Development. Done at Rome June 13, 1976. Entered into force Nov. 30, 1977. TIAS 8765.

Accession deposited: Angola, Apr. 24, 1985.

Agreement establishing the African Development Bank, with annexes. Done at Khartoum Aug. 4, 1963, as amended at Abidjan May 17, 1979. Entered into force May 7, 1982; for the U.S. Jan. 31, 1983.

Signature: Argentina, June 6, 1985.

Acceptances deposited: Argentina, June 6, 1985; China, May 29, 1985.

Human Rights

International covenant on economic, social, and cultural rights. Adopted at New York Dec. 16, 1966. Entered into force Jan. 3, 1976.³

Accession deposited: Greece, May 16, 1985.

International Court of Justice

Declaration recognizing as compulsory the jurisdiction of the International Court of Justice under Article 36, paragraph 2 of the Statute of the Court. TIAS 1598.

Declaration deposited: Senegal, May 3, 1985.⁴

Judicial Procedure

Convention on the service abroad of judicial and extra-judicial documents in civil or commercial matters. Done at The Hague Nov. 15, 1965. Entered into force Feb. 10, 1969. TIAS 6638.

Notification of continuing to be bound: Antigua and Barbuda, May 1, 1985.

Signature: Switzerland, May 21, 1985.

Convention on the taking of evidence abroad in civil or commercial matters. Done at The Hague Mar. 18, 1970. Entered into force Oct. 7, 1972. TIAS 7444.

Signature: Switzerland, May 21, 1985.

Convention abolishing the requirement of legalization for foreign public documents, with annex. Done at The Hague Oct. 5, 1961. Entered into force Jan. 24, 1965; for the U.S. Oct. 15, 1981. TIAS 10072.

Notification of continuing to be bound: Antigua and Barbuda, May 1, 1985.

Ratification deposited: Finland, June 27, 1985.²

Maritime Matters

International convention on tonnage measurement of ships, 1969, with annexes. Done at London June 23, 1969. Entered into force July 18, 1982; for the U.S. Feb. 10, 1983. TIAS 10490.

Accession deposited: Singapore, June 6, 1985.

International convention on maritime search and rescue, 1979, with annex. Done at Hamburg Apr. 27, 1979. Entered into force June 22, 1985.

Accession deposited: Japan, June 10, 1985.

Narcotic Drugs

Protocol amending single convention on narcotic drugs of Mar. 30, 1961 (TIAS 6298). Done at Geneva Mar. 25, 1972. Entered into force Aug. 8, 1975. TIAS 8118.

Ratification deposited: Greece, July 12, 1985.

Convention on psychotropic substances. Done at Vienna Feb. 21, 1971. Entered into force Aug. 16, 1976; for the U.S. July 15, 1980. TIAS 9725.

Accession deposited: Afghanistan, May 21, 1985.⁵

Nuclear Weapons—Nonproliferation

Treaty on the nonproliferation of nuclear weapons. Done at Washington, London, and Moscow July 1, 1968. Entered into force Mar. 5, 1970. TIAS 6839.

Notification of succession deposited: Antigua and Barbuda, June 17, 1985.

Postal—Americas and Spain

Second additional protocol to the constitution of the Postal Union of the Americas and Spain, with general regulations. Done at Managua Aug. 28, 1981. Entered into force Jan. 1, 1982.

Accession deposited: Mexico, May 16, 1985.

Prisoner Transfer

Convention on the transfer of sentenced persons. Done at Strasbourg Mar. 21, 1983. Entered into force July 1, 1985.

Signature: Turkey, June 19, 1985.

Red Cross

Protocol additional to the Geneva conventions of Aug. 12, 1949 (TIAS 3362, 3363, 3364, 3365), and relating to the protection of victims of international armed conflicts (Protocol I), with annexes. Adopted at Geneva June 8, 1977. Entered into force Dec. 7, 1978.³

Protocol additional to the Geneva conventions of Aug. 12, 1949 (TIAS 3362, 3363, 3364, 3365), and relating to the protection of victims on noninternational conflicts (Protocol II). Adopted at Geneva June 8, 1977. Entered into force Dec. 7, 1978.³

Ratification deposited: Senegal, May 7, 1985.

Accession deposited: Vanuatu, Feb. 28, 1985.

Satellites—Program Carrying Signals

Convention relating to the distribution of program carrying signals transmitted by satellite. Done at Brussels May 21, 1974. Entered into force Aug. 25, 1979; for the U.S. Mar. 7, 1985.

Accession deposited: Panama, June 25, 1985.

Seabeds

Treaty on the prohibition of the emplacement of nuclear weapons and other weapons of mass destruction on the seabed and the ocean floor and in the subsoil thereof. Done at Washington, London, and Moscow Feb. 11, 1971. Entered into force May 18, 1972. TIAS 7337.

Ratification deposited: Greece, May 28, 1985.

Sugar

International sugar agreement, 1984, with annexes. Done at Geneva July 5, 1984. Entered into force provisionally Jan. 1, 1985; definitively Apr. 4, 1985.

Ratification deposited: El Salvador, May 20, 1985.

Telecommunications

Radio regulations, with appendices and final protocol. Done at Geneva Dec. 6, 1979. Entered into force Jan. 1, 1982; definitively for the U.S. Oct. 27, 1985.

Approvals deposited: Italy, Apr. 4, 1985; Saudi Arabia, May 8, 1985.

Terrorism

Convention on the prevention and punishment of crimes against internationally protected persons, including diplomatic agents. Adopted at New York Dec. 14, 1973. Entered into force Feb. 20, 1977. TIAS 8532.

Accession deposited: Niger, June 17, 1985.

Timber

International tropical timber agreement, 1983, with annexes. Done at Geneva Nov. 18, 1983. Entered into force provisionally Apr. 1, 1985; for the U.S. Apr. 26, 1985.

Notifications of provisional application:

Bolivia, June 25, 1985; Cameroon, June 14, 1985.

Acceptance deposited: U.S.S.R., May 20, 1985.²

Accession deposited: Republic of Korea, June 25, 1985.

Trade—Civil Aircraft

Third certification of modifications and rectifications to the Annex to the 1979 agreement on trade in civil aircraft (TIAS 10673). Done at Geneva Jan. 1, 1985.

Entered into force: Jan. 1, 1985; effective for the U.S. Apr. 29, 1985.

UNIDO

Constitution of the United Nations Industrial Development Organization, with annexes. Adopted at Vienna Apr. 8, 1979.

Signature: New Zealand, May 30, 1985.

Acceptance deposited: Mongolia, June 3, 1985.

Accessions deposited: Botswana, Saudi Arabia, Zimbabwe, June 21, 1985.

Ratifications deposited: Bulgaria, June 5, 1985; Byelorussian S.S.R., June 17, 1985; Czechoslovakia, May 29, 1985; German Democratic Republic, May 24, 1985; Ukrainian S.S.R., June 10, 1985; U.S.S.R., May 22, 1985.²

Entered into force: June 21, 1985.

Whaling

International whaling convention and schedule of whaling regulations. Done at Washington Dec. 2, 1946. TIAS 1849.

Notification of adherence deposited: Solomon Islands, July 18, 1985.

Women

Convention on the elimination of all forms of discrimination against women. Adopted at New York Dec. 18, 1979. Entered into force Sept. 3, 1981.³

Signature: Trinidad and Tobago, Jan. 27, 1985.

Ratifications deposited: Argentina, July 15, 1985; Belgium, Federal Republic of Germany, July 10, 1985; Iceland, June 18, 1985; Italy, June 10, 1985; Japan, June 25, 1985; Nigeria, June 13, 1985; Zambia, June 21, 1985.

BILATERALS

Bangladesh

Agreement relating to trade in cotton textiles. Effected by exchange of letters at Washington June 28, 1985. Entered into force June 28, 1985.

Cape Verde

Investment incentive agreement. Effected by exchange of notes at Praia June 1 and 17, 1985. Enters into force on date on which Cape Verde communicates to U.S. that exchange of notes has been approved pursuant to its constitutional procedures.

China

Agreement for cooperation concerning peaceful uses of nuclear energy, with annexes and agreed minute. Signed at Washington July 23, 1985. Enters into force upon mutual notifications of the completion of legal procedures by the parties.

Agreement concerning fisheries off the coasts of the U.S., with annexes and agreed minutes. Signed at Washington July 23, 1985. Enters into force on date to be agreed upon by exchange of notes following completion of internal procedures of both governments.

Agreement amending agreement of Aug. 19, 1983, as amended, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of notes at Washington July 1, 1985. Entered into force July 1, 1985.

Dominican Republic

Agreement for sales of agricultural commodities. Signed at Santo Domingo May 15, 1985. Entered into force July 3, 1985.

El Salvador

Agreement relating to the employment of dependents of official government employees. Effected by exchange of notes at San Salvador Jan. 19 and Mar. 11, 1983. Entered into force Mar. 11, 1983.

Agreements amending the agreement of Dec. 1, 1983, for the sale of agricultural commodities. Effected by exchanges of notes at San Salvador July 13 and Aug. 20, 1984. Entered into force July 13 and Aug. 20, 1984.

Guatemala

Agreement for sales of agricultural commodities, with memorandum of understanding. Signed at Guatemala June 6, 1985. Enters into force following exchange of notes confirming that internal procedures of importing country have been met.

Guinea

Agreement for the sale of agricultural commodities. Signed at Conakry June 14, 1985. Entered into force June 14, 1985.

Haiti

Agreement for sales of agricultural commodities, with annexes and memorandum of understanding. Signed at Port-au-Prince May 30, 1985. Entered into force May 30, 1985.

Italy

Memorandum of understanding relating to cooperation in mapping and geodesy. Signed at Washington July 18, 1985. Entered into force July 18, 1985.

Japan

Agreement concerning Japan's financial contribution for U.S. administrative and related expenses for 1985 (JFY) pursuant to the mutual defense assistance agreement of Mar. 8, 1954 (TIAS 2957). Effected by exchange of notes at Tokyo July 5, 1985. Entered into force July 5, 1985.

Luxembourg

Agreement concerning NATO civil air augmentation. Signed at Scott AFB and Luxembourg Mar. 11 and May 17, 1985. Entered into force May 17, 1985.

Malaysia

Agreement relating to trade in cotton, wool, and manmade fiber textiles and textile products, with annexes. Effected by exchange of notes at Kuala Lumpur July 1 and 11, 1985. Entered into force July 11, 1985.

Morocco

Agreement amending the agreement of Feb. 19, 1985, for the sale of agricultural commodities. Signed at Rabat Apr. 26, 1985. Entered into force Apr. 26, 1985.

Treaty concerning the encouragement and reciprocal protection of investments, with protocol. Signed at Washington July 22, 1985. Enters into force 30 days after date of exchange of instruments of ratification.

Agreement on the development and facilitation of tourism. Signed at Washington July 22, 1985. Entered into force July 22, 1985.

Mozambique

Agreement amending the agreement of Jan. 11, 1985, as amended, for the sale of agricultural commodities, with memorandum of understanding. Effected by exchange of letters at Maputo May 23, 1985. Entered into force May 23, 1985.

Netherlands

Memorandum of understanding concerning cooperation in the field of environmental affairs. Signed at Paris June 17, 1985. Entered into force June 17, 1985. Supersedes memorandum of understanding of Nov. 25, 1980 (TIAS 10118).

Romania

Agreement amending agreement of Jan. 28 and Mar. 31, 1983, as amended, relating to trade in cotton textiles. Effected by exchange of notes at Bucharest May 8 and June 15, 1985. Entered into force June 15, 1985.

Agreements amending agreement of Nov. 7 and 16, 1984, relating to trade in wool and manmade fiber textiles and textile products. Effected by exchanges of notes at Bucharest May 13 and June 3 and May 8 and June 15, 1985. Entered into force June 3 and 15, 1985.

Saudi Arabia

Agreement extending the agreement of May 24 and June 5, 1965, as extended (TIAS 5839, 10388), relating to the construction of certain military facilities in Saudi Arabia. Effected by exchange of notes at Riyadh June 25 and July 8, 1985. Entered into force July 8, 1985.

Sri Lanka

Agreement amending agreement of May 10, 1983, as amended, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of notes at Colombo May 31 and June 14, 1985. Entered into force June 14, 1985.

Senegal

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Dakar June 5, 1985. Entered into force July 15, 1985.

United Kingdom

Memorandum of understanding of June 7, 1979 concerning the shared use of U.S. and U.K. terrestrial communications systems in Europe, as revised. Signed at Vaihingen Jan. 15 and 25, 1985. Entered into force Jan. 25, 1985.

Memorandum of understanding concerning the exchange of medical cadets between the British Army Medical Services and the Uniformed Services University of the Health Sciences. Signed at Washington and London Mar. 25 and June 21, 1985. Entered into force June 21, 1985.

Zimbabwe

Agreement for sale of agricultural commodities. Signed at Harare Apr. 1, 1985. Entered into force Apr. 1, 1985.

¹Not in force.

²With declarations.

³Not in force for the United States.

⁴With conditions.

⁵With reservations. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
*144	7/1	Shultz: interview on ABC-TV's "Good Morning America."
145	7/1	Shultz: news conference, June 30.
146	7/2	Shultz: interview on "MacNeil-Lehrer Newshour," July 1.
*147	7/2	Overseas Security Advisory Council meets July 1.
148	7/3	Shultz: news conference.
*149	7/5	Shultz: remarks at Fourth of July reception, July 4.
150	7/9	Shultz: remarks at ESF ceremony, Bangkok, Thailand, July 8.
151	7/8	Shultz: departure remarks, Hong Kong.
152	7/8	Shultz: arrival remarks, Bangkok.
153	7/10	Shultz: remarks, Ban Thap Thai Village, July 9.
154	7/10	Shultz: dinner toast, Bangkok, July 8.
*155	7/10	Shultz: remarks, Site Seven, Thailand, July 9.

PUBLICATIONS

156	7/25	Shultz: news conference, Bangkok, July 9.	*179	7/23	U.S. and P.R.C. sign fisheries agreement.
157	7/12	Shultz: news conference, Kuala Lumpur, Malaysia, July 10.	180	7/24	Shultz: luncheon toast in honor of Chinese President Li, July 23.
*158	7/11	Shultz: interview, TV Channel 3, Bangkok, July 10.	*181	7/24	Shultz: remarks before leaders of national minority and women's organizations.
159	7/15	Shultz: statement to ASEAN Six-Plus-Six meeting, Kuala Lumpur, July 11.	*182	7/24	Remarks at U.S.-P.R.C. treaty signing ceremony, July 23.
160	7/12	Shultz: remarks at ASEAN postministerial consultation, Kuala Lumpur.	183	7/23	Shultz: news conference, Fiji, July 15.
*161	7/15	Shultz: remarks, Royal Perth Yacht Club, Australia, July 14.	184	7/24	Shultz: statement before the House Foreign Affairs Committee.
162	7/15	Shultz: opening remarks at ANZUS ministerial meeting, Canberra, Australia.	*185	7/29	Rozanne L. Ridgway sworn in as Assistant Secretary for European and Canadian Affairs, July 19 (biographic data).
*163	7/16	Program for the state visit of Chinese President Li Xian-nian, July 21-31.	*186	7/29	Lowell C. Kilday sworn in as Ambassador to the Dominican Republic, July 26 (biographic data).
*164	7/17	Shultz: dinner toast, Canberra, July 15.	*187	7/29	Joe M. Rodgers sworn in as Ambassador to France, July 23 (biographic data).
*165	7/17	Fernando E. Rondon sworn in as Ambassador to Ecuador (biographic data).	*188	7/29	John C. Whitehead sworn in as Deputy Secretary of State, July 9 (biographic data).
*166	7/17	Harry E. Bergold, Jr., Ambassador to Nicaragua (biographic data).	*189	7/30	Shultz: statement and question-and-answer session after meeting with Mexican President De la Madrid, Mexico City, July 25.
*167	7/17	Paul Julian Hare sworn in as Ambassador to Zambia (biographic data).	*190	7/30	Edward M. Rowell sworn in as Ambassador to Bolivia, July 25 (biographic data).
*168	7/18	Alberto Martinez Piedra, Ambassador to Guatemala (biographic data).	191	7/26	Shultz: opening statement to the fifth U.S.-Mexico bilateral commission meeting, Mexico City, July 25.
*169	7/18	Thomas H. Anderson, Jr., Ambassador to Barbados, Dominica, St. Lucia, St. Vincent and the Grenadines, Antigua and Barbuda, and St. Christopher and Nevis (biographic data).	*192	7/30	Shultz: arrival remarks, Helsinki, Finland, July 29.
*170	7/18	Clint A. Lauderdale, Ambassador to Guyana (biographic data).	*193	7/31	Shultz: news conference en route to Helsinki, July 29.
171	7/18	Shultz: address before the East-West Center and the Pacific and Asian Affairs Council, Honolulu, July 17.	*194	7/31	Shultz: interview with Francisco Fortuno Televisa, Mexico City, July 26.
172	7/19	Shultz: question-and-answer session after address in Honolulu, July 17.	*195	7/31	Shultz: news conference, Mexico City, July 26.
*173	7/23	Edward J. Perkins sworn in as Ambassador to Liberia (biographic data).	195A	8/14	Shultz: statement, Mexico City, July 26.
*174	7/22	Lewis A. Tambs sworn in as Ambassador to Costa Rica, July 19 (biographic data).	*Not printed in the BULLETIN. ■		
*175	7/22	Charles A. Gillespie, Jr., sworn in as Ambassador to Colombia (biographic data).			
*176	7/26	Shultz, Hayden: joint news conference, Canberra, July 15.			
177	7/16	Shultz: remarks at welcoming ceremony, Fiji.			
*178	7/22	Strict Narcotics Law Enforcement in Bermuda.			

Department of State

Free **single** copies of the following Department of State publications are available from the Correspondence Management Division, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

President Reagan

The New Network of Terrorist States, American Bar Asso., July 8, 1985 (Current Policy #721).

Secretary Shultz

Protecting U.S. Personnel and Property Overseas, House Foreign Affairs Committee, July 24, 1985 (Current Policy #727).
On Alliance Responsibility, East-West Center and Pacific and Asian Affairs Council, Honolulu, July 27, 1985 (Current Policy #724).

The U.S. and ASEAN: Partners for Peace and Development, ASEAN postministerial consultations, Kuala Lumpur, July 12, 1985 (Current Policy #722).

The United Nations After Forty Years: Idealism and Realism, United Nations Asso. of San Francisco, Chamber of Commerce, and World Affairs Council of Northern California, San Francisco, June 26, 1985 (Current Policy #716).

Arms Control

SDI: The Soviet Program, Ambassador Nitze, Chautauqua Conference of Soviet-American Relations, Chautauqua, New York, June 28, 1985 (Current Policy #717).

East Asia

P.R.C.: Economic Reform, Modernization, and the Law, Under Secretary Armacost, American Bar Asso., July 9, 1985 (Current Policy #725).

Accounting for American POW/MIAs in Southeast Asia, Assistant Secretary Wolfowitz, Subcommittee on Asian and Pacific Affairs, House Foreign Affairs Committee, June 27, 1985 (Current Policy #719).

Economics

U.S. Export Expansion (GIST, July 1985).

Energy

International Markets in Renewable Energy Resources, Deputy Assistant Secretary Marshall, Third National Conference on Photovoltaic Applications, MIT, Cambridge, June 19, 1985 (Current Policy #718).

Europe

Implementation of Helsinki Final Act, Eighteenth Semiannual Report, Oct. 1, 1984-Apr. 1, 1985, President Reagan to the Commission on Security and Cooperation in Europe, July 1985 (Special Report #130).
Helsinki Final Act: Tenth Anniversary (GIST, July 1985).

PUBLICATIONS

Middle East

Maintaining Momentum in the Middle East Peace Negotiations, Assistant Secretary Murphy, American Council of Young Political Leaders, June 27, 1985 (Current Policy #726).

Nuclear Policy

U.S. Nuclear Export and Nonproliferation Policy (GIST, July 1985).

Refugees

Afghan Refugees in Pakistan (GIST, July 1985).

Science & Technology

Transboundary Air Pollution, Deputy Assistant Secretary Benedick, Executive Body for the Convention on Long-Range Transboundary Air Pollution, Economic Commission for Europe, Helsinki, July 8, 1985 (Current Policy #723).

United Nations

The UN at Forty: Realism and Reappraisal, Assistant Secretary Newell, Century Club, Concord, Calif., June 24, 1985 (Current Policy #720).

Western Hemisphere

U.S.-Mexican Relations (GIST, 1985). ■

Foreign Relations Volume Released

The Department of State on May 22, 1985, released *Foreign Relations of the United States, 1952-1954, Volume XIV, China and Japan*. The volume presents over 1,800 pages of previously highly classified documents on U.S. policy with regard to the China area (Part 1) and Japan (Part 2).

Part I contains 1,061 pages of documents on U.S. policy toward China. Extensive material on policy discussions and diplomacy during the first stages of the Taiwan Strait crisis of 1954-55 shows the Eisenhower Administration's concern with the security of Taiwan and Secretary of State Dulles' efforts to encourage an initiative in the United Nations to stabilize the situation in the Taiwan Strait. Other documents demonstrate the increasingly close U.S. relationship with the Chinese Nationalists on Taiwan, including President Eisenhower's 1953 revision of President Truman's directive to the Seventh Fleet and the negotiation in 1954 of the Mutual Defense Treaty.

In Part II, 761 pages of material on U.S. relations with Japan cover the period in which Japan regained its sovereignty. Japan and the United States negotiated an administrative agreement which defined the status of U.S. forces in Japan and governed U.S. use of facilities in Japan. The United States aided Japan in the initiation of a modest defense program. The Eisenhower Administration gave considerable attention to the problems of Japanese economic recovery and the development of suitable export markets for Japan. Japan's quest for restoration of island territories met with partial success when the United States agreed to the reversion to Japan of the Amami Oshima group of the Ryukyus.

Foreign Relations, 1952-1954, Volume XIV, was prepared in the Office of the Historian, Bureau of Public Affairs, Department of State. Copies of Volume XIV—Department of State Publication Nos. 9410 (Part 1) and 9411 (Part 2) and GPO Stock No. 044-000-02036-6—may be purchased for \$28.00 (domestic postpaid) from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Checks or money orders should be made payable to the Superintendent of Documents.

Current Documents Volume Released

The Department of State June 11, 1985, released *American Foreign Policy: Current Documents, 1982*. This volume presents official public expressions of policy that best set forth the goals and objectives of U.S. foreign policy. Included are the texts of major official messages, addresses, statements, interviews, press conferences and briefings, reports, congressional testimony, and communications by the White House, the Department of State, and other Federal agencies or officials involved in the foreign policy process. The volume contains 1,536 pages arranged chronologically within 15 geographic and topical chapters, and includes a list of documents, editorial annotations, charts, a list of names and abbreviations, and an index.

The volume covers the second year of the Reagan Administration. It presents the major statements by President Reagan, the Secretary of State, and other government leaders setting forth the most important general principles of American foreign policy in 1982. Policy statements are included on national security policy, arms control, foreign economic policy, terrorism, the role of the United States in the United Nations, the approach to human rights around the world, the concern with refugees, and the law of the sea. The volume also presents expressions of U.S. policy on Lebanon, Central America, the Falklands/Malvinas conflict between Argentina and the United Kingdom, and other regional and bilateral aspects of American foreign relations in 1982.

The volume is the most recent volume in a Department of State documentary series begun in 1950. Following the publication of three volumes covering the 1941 to 1955 years, annual volumes entitled *American Foreign Policy: Current Documents* were issued for the years 1956-1967. After an interruption the series was resumed with the publication in August 1983 of *American Foreign Policy: Basic Documents, 1977-1980*. The annual volumes were revived with the publication in December 1984 of *American Foreign Policy: Current Documents, 1981*. It is the Department's intention to publish the volumes for 1983 and 1984 later this year.

The Department, which released a microfiche supplement to the 1981 printed volume in February 1985, also plans to publish a microfiche supplement to the 1982 printed volume later this year. This microfiche publication will include the full texts of many documents printed only in part in the printed volume and will also reproduce a much larger and more complete selection of documents than appears in the book.

American Foreign Policy: Current Documents, 1982 was prepared in the Office of the Historian, Bureau of Public Affairs, Department of State. Copies may be purchased for \$35.00 (domestic postpaid) from the Superintendent of Documents, U.S. Government Printing Office (Department of State Publication No. 9415; GPO Stock No. 044-000-020-35-1). Checks or money orders should be made payable to the Superintendent of Documents.

¹Press release 127 of June 11, 1985. ■

The *Foreign Relations* series has been published continuously since 1861 as the official record of U.S. foreign policy. The volume released May 22 is the eleventh of sixteen to be published covering the years 1952-54.

The Office of the Historian has prepared a brief summary of the volume.

Press release 113 of May 20, 1985. ■

GPO Subscriptions

The following subscriptions are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Checks or money orders, made payable to the Superintendent of Documents, must accompany order.

Background Notes

This series provides brief, factual summaries of the people, history, government, economy, and foreign relations of about 170 countries (excluding the United States) and of selected international organizations. Recent revisions are:

Bhutan, May 1985
Greece, April 1985
Guinea-Bissau, April 1985
India, May 1985
Ivory Coast, May 1985
Japan, June 1985
Kenya, April 1985
Mauritius, June 1985
Mozambique, May 1985
Panama, May 1985
Swaziland, April 1985
Zimbabwe, April 1985

A free single copy of one of the above (and an index of the entire series) may be obtained from the Correspondence Management Division, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

For about 60 *Background Notes* a year, a subscription costs \$32.00 (domestic) and \$40.00 (foreign).

Department of State Bulletin

This monthly magazine presents the official record of U.S. foreign policy, including major addresses of the President and the Secretary; statements to the Congress; special features and analytical articles on international affairs by State Department experts; list of treaties and other agreements; and a brief chronology of world events. Annual subscription—\$25.00 domestic; \$31.25 foreign. Single copy—\$2.75 domestic; \$3.45 foreign. Subscription to the *Bulletin* includes an annual index. Single index issues—\$1.50 domestic; \$1.90 foreign.

Diplomatic List

This is a quarterly list of foreign diplomatic representatives in Washington, D.C., and their addresses. Annual subscription—\$14.00 domestic; \$17.50 foreign. Single copy—\$3.75 domestic; \$4.70 foreign.

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Films and Videotapes

The State Department distributes a four-part film series, "The History of U.S. Foreign Relations," and "From Where I Sit," an examination of how public opinion affects foreign policy decisions.

The History of U.S. Foreign Relations: Using actual locations, paintings, political cartoons, and documentary footage, this series of four 30-minute color films recreates the history of U.S. foreign relations from the American Revolution to mid-1975. "An Age of Revolutions" documents American diplomacy from the American Revolution through the Monroe Doctrine. "Youth to Maturity" traces the expansion of American interests and the evolution of the United States into a major world power prior to the events of World War I. "The Reluctant World Power" illustrates the increasing involvement of the United States in world affairs engendered by the events of the period between the wars. "The Road to Interdependence" outlines the development of U.S. foreign policy from the end of World War II through the onset of the 1970s.

From Where I Sit: This 30-minute film explores the many conflicting interests and opinions which converge on foreign policy issues and shape our national goals. Using the issues of trade, energy, and arms con-

trol, the film provides a basis for discussion of the kinds of decisions and choices confronting policymakers.

Videotapes

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The Strategic Defense Initiative (25 minutes): Senior Administration officials explain the rationale for the Strategic Defense Initiative research program, including the basic technologies being investigated, how such a defensive system might protect us from a nuclear attack, and the relative deterrent value of offensive and defensive systems. Also included are discussions of Soviet space defense research, compliance with the ABM Treaty, the reaction of our NATO allies, and the Soviet attitude toward SDI at the Geneva arms control negotiations. This videotape may be supplemented with the Department's Special Report No. 129, *The Strategic Defense Initiative*, June 1985 (8 pp.).

The North Atlantic Treaty Organization (17 minutes): A minidocumentary showing how the members of NATO have coped with the Soviet Union's military and political challenges since World War II. It also describes the overall organization of NATO and its military and political mechanisms.

An excellent Department publication to accompany this tape is the *Atlas of NATO*, February 1985 (24 pp.).

Nuclear Arms and Arms Control (25 minutes): A discussion of nuclear issues by a panel of Administration specialists questioned by a group of college students. The questions include U.S. objectives in arms control, the nuclear freeze proposal, and why the United States will not renounce the first use of nuclear weapons in the event of war in Europe. You may use this videotape in conjunction with the State Department publication *A Short Guide to U.S. Arms Control*, October 1984 (32 pp.).

Central America—The Search for Peace (27 minutes): A tape based on a day-long conference on Central America held at the Department of State. The economic, political, and military situation is discussed as well as U.S. policy and its results. You may supplement this tape with the Department's *Atlas of the Caribbean Basin*, July 1984 (20 pp.).

For information on borrowing or purchasing these films and/or videotapes contact the:

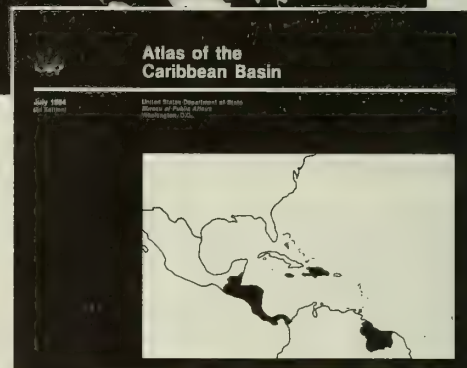
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Atlas of NATO

The *Atlas of NATO*, February 1985, provides basic information about the North Atlantic Treaty Organization (NATO). In 19 displays it illustrates NATO's membership and structure, military strength, members' role in world affairs, and relations with the Soviet Union and the Warsaw Pact.

Atlas of the Caribbean Basin

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The BULLETIN's contents include major addresses and news conferences of the President and the Secretary of State; statements made before congressional committees by the Secretary and other senior State Department officials; selected press releases issued by the White House, the Department, and the U.S. Mission to the United Nations; and treaties and other agreements to which the United States is or may become a party. Special features, articles, and other supportive material (such as maps, charts, photographs, and graphs) are published frequently to provide additional information on current issues but should not necessarily be interpreted as official U.S. policy statements.

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South Africa: Presidential Actions

Following are the texts of President Reagan's remarks made in the White House and the Executive order signed at the conclusion of the remarks on September 9, 1985.¹

PRESIDENT'S REMARKS

I want to speak this morning about South Africa—about what America can do to help promote peace and justice in that country so troubled and tormented by racial conflict.

The system of apartheid means deliberate, systematic, institutionalized racial discrimination denying the black majority their God-given rights.

America's view of apartheid is simple and straightforward: we believe it's wrong. We condemn it. And we're united in hoping for the day when apartheid will be no more.

Our influence over South African society is limited. But we do have some influence, and the question is how to use it. Many people of good will in this country have differing views. In my view, we must work for peaceful evolution and reform. Our aim cannot be to punish South Africa with economic sanctions that would injure the very people we're trying to help.

I believe we must help all those who peacefully oppose apartheid; and we must recognize that the opponents of apartheid using terrorism and violence will bring not freedom and salvation, but greater suffering and more opportunities for expanded Soviet influence within South Africa and in the entire region.

What we see in South Africa is a beginning of a process of change. The changes in policy so far are inadequate—but, ironically, they've been enough to raise expectations and stimulate demands for more far-reaching, immediate change. It's the growing economic power of the black majority that has put them in a position to insist on political change.

South Africa is not a totalitarian society. There is a vigorous opposition press. And every day we see examples of outspoken protest and access to the international media that would never be possible in many parts of Africa, or in the Soviet Union, for that matter. But it is our active engagement—our willingness to try—that gives us influence.

Yes, we in America—because of what we are and what we stand for—have influence to do good. We also have immense potential to make things worse. Before taking fateful steps, we must ponder the key question: Are we helping to change the system? Or are we punishing the blacks whom we seek to help?

American policy through several administrations has been to use our influence and our leverage against apartheid, not against innocent people who are the victims of apartheid.

Being true to our heritage does not mean quitting but reaching out; expanding our help for black education and community development; calling for political dialogue; urging South Africans of all races to seize the opportunity for peaceful accommodation before it's too late.

I respect and share the goals that have motivated many in Congress to send a message of U.S. concern about apartheid. But in doing so, we must not damage the economic well-being of millions of people in South and southern Africa. If we genuinely wish—as I do—to develop a bipartisan basis of consensus in support of U.S. policies, this is the basis on which to proceed.

Therefore, I am signing today an Executive order that will put in place a set of measures designed and aimed against the machinery of apartheid without indiscriminately punishing the people who are victims of that system—measures that will disassociate the United States from apartheid but associate us positively with peaceful change.

Sullivan Code

In 1977 Rev. Leon Sullivan—a Baptist minister in Philadelphia and General Motors Corp. director—formulated a set of principles for fair employment practices in South Africa. He encouraged U.S. companies with investments in South Africa to implement these principles in their South African facilities and thus break down the apartheid regulations which allow discrimination against nonwhite employees. These principles are:

- Nonsegregation of the races in all eating, comfort, and work facilities;
- Equal and fair employment practices for all employees;
- Equal pay for all employees doing equal or comparable work for the same period of time;
- Initiation and development of training programs that will prepare blacks, coloreds, and Asians in substantial numbers for supervisory, administrative, clerical, and technical jobs;
- Increasing the number of blacks, coloreds, and Asians in management and supervisory positions; and
- Improving the quality of employees' lives outside the work environment in such areas as housing, transportation, schooling, recreation, and health facilities. ■

AFRICA

These steps include:

- A ban on all computer exports to agencies involved in the enforcement of apartheid and to the security forces;
- A prohibition on exports of nuclear goods or technology to South Africa, except as is required to implement nuclear proliferation safeguards of the International Atomic Energy Agency (IAEA) or those necessary for humanitarian reasons to protect health and safety;
- A ban on loans to the South African Government, except certain loans which improve economic opportunities or educational, housing, and health facilities that are open and accessible to South Africans of all races; and
- I'm directing the Secretary of State and the United States Trade Representative to consult with our major trading partners regarding banning the importation of Krugerrands. I'm also instructing the Secretary of Treasury to report to me with 60 days on the feasibility of minting an American gold coin which could provide an alternative to the Krugerrand for our coin collectors.

I want to encourage ongoing actions by our government and by private Americans to improve the living standards of South Africa's black majority. The Sullivan code—devised by a distinguished black minister from Philadelphia, the Reverend Leon Sullivan—has set the highest standards of labor practices for progressive employers throughout South Africa. I urge all American companies to participate in it, and I'm instructing the American Ambassador to South Africa to make every effort to get companies which have not adopted them to do so.

In addition, my Executive order will ban U.S. Government export assistance to any American firm in South Africa employing more than 25 persons which does not adhere to the comprehensive fair employment principles stated in the order by the end of this year.

I'm also directing the Secretary of State to increase substantially the money we provide for scholarships to South Africans disadvantaged by apartheid and the money our Embassy uses to promote human rights programs in South Africa.

Finally, I have directed Secretary Shultz to establish an advisory committee of distinguished Americans to provide recommendations on measures to

encourage peaceful change in South Africa. The advisory committee shall provide its first report within 12 months.

I believe the measures I am announcing here today will best advance our goals. If the Congress sends me the present bill as reported by the Conference Committee, I would have to veto it. That need not happen. I want to work with the Congress to advance bipartisan support for America's policy toward South Africa. That's why I have put forward this Executive order today.

Three months ago, I recalled our Ambassador in South Africa for consultations so that he could participate in the intensive review of the southern African situation that we've been engaged in. I've just said good-bye to him. I'm now sending him back with a message to State President Botha underlining our grave view of the current crisis and our assessment of what is needed to restore confidence abroad and move from confrontation to negotiation at home. The problems of South Africa were not created overnight and will not be solved overnight, but there is no time to waste. To withdraw from this drama—or to fan its flames—will serve neither our interests nor those of the South African people.

If all Americans join together behind a common program, we can have so much more influence for good. So let us go forward with a clear vision and an open heart, working for justice and brotherhood and peace. And now I'm going to sign the Executive order.

EXECUTIVE ORDER

Prohibiting Trade and Certain Other Transactions Involving South Africa

By the authority vested in me as President by the Constitution and laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*), the National Emergencies Act (50 U.S.C. 1601 *et seq.*), the Foreign Assistance Act (22 U.S.C. 2151 *et seq.*), the United Nations Participation Act (22 U.S.C. 287), the Arms Export Control Act (22 U.S.C. 2751 *et seq.*), the Export Administration Act (50 U.S.C. App. 2401 *et seq.*), the Atomic Energy Act (42 U.S.C. 2011 *et seq.*), the Foreign Service Act (22 U.S.C. 3901 *et seq.*), the Federal Advisory Committee Act (5 U.S.C. App. I), Section 301 of Title 3 of the United States Code, and considering the measures which the United Nations Security Council has decided on or recommended in Security Council Resolutions No. 418 of November 4,

1977, No. 558 of December 13, 1984, and No. 569 of July 26, 1985, and considering that the policy and practice of apartheid are repugnant to the moral and political values of democratic and free societies and run counter to United States policies to promote democratic governments throughout the world and respect for human rights, and the policy of the United States to influence peaceful change in South Africa, as well as the threat posed to United States interests by recent events in that country,

I, RONALD REAGAN, President of the United States of America, find that the policies and actions of the Government of South Africa constitute an unusual and extraordinary threat to the foreign policy and economy of the United States and hereby declare a national emergency to deal with that threat:

Section 1. Except as otherwise provided in this section, the following transactions are prohibited effective October 11, 1985:

(a) The making or approval of any loans by financial institutions in the United States to the Government of South Africa or to entities owned or controlled by that Government. This prohibition shall enter into force on November 11, 1985. It shall not apply to (i) any loan or extension of credit for any educational, housing, or health facility which is available to all persons on a nondiscriminatory basis and which is located in a geographic area accessible to all population groups without any legal or administrative restriction; or (ii) any loan or extension of credit for which an agreement is entered into before the date of this Order.

The Secretary of the Treasury is hereby authorized to promulgate such rules and regulations as may be necessary to carry out this subsection. The initial rules and regulations shall be issued within sixty days. The Secretary of the Treasury may, in consultation with the Secretary of State, permit exceptions to this prohibition only if the Secretary of the Treasury determines that the loan or extension of credit will improve the welfare or expand the economic opportunities of persons in South Africa disadvantaged by the apartheid system, provided that no exception may be made for any apartheid enforcing entity.

(b) All exports of computers, computer software, or goods or technology intended to service computers to or for use by any of the following entities of the Government of South Africa:

- (1) The military;
- (2) The police;
- (3) The prison system;
- (4) The national security agencies;
- (5) ARMSCOR [Arms Corporation of South Africa] and its subsidiaries or the weapons research activities of the Council for Scientific and Industrial Research;
- (6) The administering authorities for the black passbook and similar controls;
- (7) Any apartheid enforcing agency;

(8) Any local or regional government or "homeland" entity which performs any function of any entity described in paragraphs (1) through (7).

The Secretary of Commerce is hereby authorized to promulgate such rules and regulations as may be necessary to carry out this subsection and to implement a system of end use verification to ensure that any computers exported directly or indirectly to South Africa will not be used by any entity set forth in this subsection.

(c) (1) Issuance of any license for the export to South Africa of goods or technology which are to be used in a nuclear production or utilization facility, or which, in the judgment of the Secretary of State, are likely to be diverted for use in such a facility; any authorization to engage, directly or indirectly, in the production of any special nuclear material in South Africa; any license for the export to South Africa of component parts or other items or substances especially relevant from the standpoint of export control because of their significance for nuclear explosive purposes; and any approval of retransfers to South Africa of any goods, technology, special nuclear material, components, items or substances described in this section. The Secretaries of State, Energy, Commerce, and Treasury are hereby authorized to take such actions as may be necessary to carry out this subsection.

(2) Nothing in this section shall preclude assistance for International Atomic Energy Agency safeguards or IAEA programs generally available to its member states, or for technical programs for the purpose of reducing proliferation risks, such as for reducing the use of highly enriched uranium and activities envisaged by Section 223 of the Nuclear Waste Policy Act (42 U.S.C. 10203) or for exports which the Secretary of State determines are necessary for humanitarian reasons to protect the public health and safety.

(d) The import into the United States of any arms, ammunition, or military vehicles produced in South Africa or of any manufacturing data for such articles. The Secretaries of State, Treasury, and Defense are hereby authorized to take such actions as may be necessary to carry out this subsection.

Sec. 2. (a) The majority of United States firms in South Africa have voluntarily adhered to fair labor principles which have benefited those in South Africa who have been disadvantaged by the apartheid system. It is the policy of the United States to encourage strongly all United States firms in South Africa to follow this commendable example.

(b) Accordingly, no department or agency of the United States may intercede after December 31, 1985, with any foreign government regarding the export marketing activity in any country of any national of the United States employing more than 25 individuals in South Africa who does not adhere to the principles stated in subsection (c) with

respect to that national's operations in South Africa. The Secretary of State shall promulgate regulations to further define the employers that will be subject to the requirements of this subsection and procedures to ensure that such nationals may register that they have adhered to the principles.

(c) The principles referred to in subsection (b) are as follows:

(1) Desegregating the races in each employment facility;

(2) Providing equal employment opportunity for all employees without regard to race or ethnic origin;

(3) Assuring that the pay system is applied to all employees without regard to race or ethnic origin;

(4) Establishing a minimum wage and salary structure based on the appropriate local minimum economic level which takes into account the needs of employees and their families;

(5) Increasing by appropriate means, the number of persons in managerial, supervisory, administrative, clerical, and technical jobs who are disadvantaged by the apartheid system for the purpose of significantly increasing their representation in such jobs;

(6) Taking reasonable steps to improve the quality of employees' lives outside the work environment with respect to housing, transportation, schooling, recreation, and health;

(7) Implementing fair labor practices by recognizing the right of all employees, regardless of racial or other distinctions, to self-organization and to form, join, or assist labor organizations, freely and without penalty or reprisal, and recognizing the right to refrain from any such activity.

(d) United States nationals referred to in subsection (b) are encouraged to take reasonable measures to extend the scope of their influence on activities outside the workplace, by measures such as supporting the right of all businesses, regardless of the racial character of their owners or employees, to locate in urban areas, by influencing other companies in South Africa to follow the standards specified in subsection (c) and by supporting the freedom of mobility of all workers, regardless of race, to seek employment opportunities wherever they exist, and by making provision for adequate housing for families of employees within the proximity of the employee's place of work.

Sec. 3. The Secretary of State and the head of any other department or agency of the United States carrying out activities in South Africa shall promptly take, to the extent permitted by law, the necessary steps to ensure that the labor practices described in section (2) (c) are applied to their South African employees.

Sec. 4. The Secretary of State and the head of any other department or agency of the United States carrying out activities in South Africa shall, to the maximum extent practicable and to the extent permitted by law, in procuring goods or services in South Africa, make affirmative efforts to assist business enterprises having more than 50 percent beneficial ownership by persons in South Africa disadvantaged by the apartheid system.

Sec. 5. (a) The Secretary of State and the United States Trade Representative are directed to consult with other parties to the General Agreement on Tariffs and Trade with a view toward adopting a prohibition on the import of Krugerrands.

(b) The Secretary of Treasury is directed to conduct a study to be completed within sixty days regarding the feasibility of minting and issuing gold coins with a view toward expeditiously seeking legislative authority to accomplish the goal of issuing such coins.

Sec. 6. In carrying out their respective functions and responsibilities under this Order, the Secretary of the Treasury and the Secretary of Commerce shall consult with the Secretary of State. Each such Secretary shall consult, as appropriate, with other government agencies and private persons.

Sec. 7. The Secretary of State shall establish, pursuant to appropriate legal authority, an Advisory Committee on South Africa to provide recommendations on measures to encourage peaceful change in South Africa. The Advisory Committee shall provide its initial report within twelve months.

Sec. 8. The Secretary of State is directed to take the steps necessary pursuant to the Foreign Assistance Act and related legislation to (a) increase the amount of internal scholarships provided to South Africans disadvantaged by the apartheid system up to \$8 million from funds made available for Fiscal Year 1986, and (b) increase the amount allocated for South Africa from funds made available for Fiscal Year 1986 in the Human Rights Fund up to \$1.5 million. At least one-third of the latter amount shall be used for legal assistance for South Africans. Appropriate increases in the amounts made available for these purposes will be considered in future fiscal years.

Sec. 9. This order is intended to express and implement the foreign policy of the United States. It is not intended to create any right or benefit, substantive or procedural, enforceable at law by a party against the United States, its agencies, its officers, or any person.

¹Texts from Weekly Compilation of Presidential Documents of Sept. 16, 1985.

The U.S. and South Africa: A Framework for Progress

by Chester A. Crocker

*Address before the
Commonwealth Club in San Francisco
on August 16, 1985.
Mr. Crocker is
Assistant Secretary for African Affairs.*

It is a great honor and pleasure to appear before this distinguished audience today. We have timing which I can only describe as propitious. The images of Africa—as they have flashed across our television screens night after night—have embedded themselves in the hearts and the minds of our people as never before. The scenes of suffering of the innocent victims of drought and famine have produced an outpouring of active help and sympathy that has always been one of the finest features of our national character. Our response to the wounding drama of South Africa confronts us with far more vexing difficulties; but here, too, our country has an important role to play.

The wave of unrest and repression that has now swept across South Africa for almost a year has touched some of the most sensitive nerves in our body politic. The practice of racism, through apartheid, the denial of the inalienable rights of citizenship, and the disregard for due process of law are affronts to our national conscience.

Events of the past 12 months have produced a quantum leap in our own public awareness of events and debate about what can and should be done. The very intense and emotional content of this debate reflects the frustration and impatience of many Americans in getting a grip on the problem. Our relations with South Africa have inevitably reflected this strain. In South Africa itself, the government has cracked down hard by proclaiming a state of emergency in 36 magisterial districts and by resorting to mass arrests. Yet, at the same time, we have seen some tentative signs of a reappraisal of policy. Only

yesterday, State President P.W. Botha delivered a policy speech in the stated hope of drawing black political leaders into negotiation about the sharing of political power. I will have some comments about that pronouncement a little later. But in the time we are together, I would first like to state some fundamental propositions which I believe are widely shared and enable us to shape a common American approach to the South African problem. I will then discuss certain realities in South and southern Africa that all of us must keep in mind as we discuss U.S. policy. And finally, I will comment on yesterday's speech and the implications for U.S. policy.

Central Propositions

First and foremost, let us remember that there is no debate about the evils of apartheid across the spectrum of American politics. For this Administration, apartheid is abhorrent. A primary goal of our policy is to get rid of apartheid. Any *status quo* that excludes 73% of the population from the central processes of government on the basis of race and imposes on them a legal framework of dehumanizing restrictions on where they can live and work not only affronts our fundamental values but it also endangers our very real interest in the stability of this strategic part of the world. In our national debate, we must proceed from this common assumption and common conviction. I would like today to salute those leaders and people across our land and our political system who are speaking, writing, and acting to express American convictions

against racism and for the search for alternatives to violence in South Africa. As I do so, I would ask also that we all recognize what our public debate is about: it is about how to help end apartheid; what works and what doesn't work.

The second proposition—with which few in the mainstream of American politics would disagree—is our opposition to a scenario of violence (including, of course, the violence of repression). The curse of violence, however it may be rationalized, is that it unleashes forces that quickly threaten to destroy the very values in whose name it is used. We know what has happened in the name of armed struggle or violent “liberation” in Indochina and Iran. In the South African context, where black, brown, and white South Africans will have to continue to live side by side, the human, economic, and political costs of such scenarios would simply be horrendous. South Africa and its neighbors have a long way to go before they achieve stability and justice. They also have a lot to lose if peaceful change fails. For us carelessly to throw matches into an already explosive and volatile situation would be a betrayal of such men of peace as Bishop Desmond Tutu and Chief Gatsha Buthelezi, who are working for negotiated solutions. To turn our backs on such efforts would be a counsel of despair.

Third, we cannot insulate our approach to South Africa from our concerns for the stability and security in all the countries in the region. We have important regional goals in South Africa: independence for Namibia, a reduction in cross-border violence in the region, the removal of foreign forces from Angola, and expanded economic development there. Peaceful change in South Africa away from apartheid is crucial to improved relations between South Africa and its neighbors. By the same token, an escalation of cross-border violence reduces the odds for peaceful change in South Africa itself. In order to have positive influence in regional diplomacy, we must be able to speak to all the parties in the region. As in the Middle East, we would rapidly become irrelevant if we maneuvered ourselves into a position where we could talk only to one side.

Fourth, there simply is no way of insulating our approach to southern Africa or any other important region from the realities of our competitive relationship with our global adversary. The Soviet interest is advanced by regional insecurity and instability. Our interest is in peacemaking, pushing change in South Africa, and in using our resources to help create the economic underpinnings of regional prosperity.

This brings me to my fifth and final proposition, which relates directly to the current sanctions debate. We Americans are builders and not destroyers. Clearly, our goal must be a more hopeful, just, and prosperous South Africa, with expanded opportunities for all its people. This is unlikely to happen if the economic pie is shrinking. Irrespective of how South Africa will be run—and by whom—damaging its economy now will not only stunt economic growth but will also ultimately stunt the lives of this and coming generations of young South Africans.

Disinvestment would be doubly sad because U.S. industrialists and businessmen bring to South Africa a unique experience and state-of-the-art policies in race relations and equal opportunity programs. I am pleased to note that our closest allies share with us a firm belief that a growing economy will help the reform process there. Our experience in the United States buttresses the point. As builders, we must stay engaged; that is what we in government are doing—helping young black South Africans with their education, assisting black trade unionists, training black entrepreneurs. Our self-help grants have assisted hundreds of communities to help themselves and our human rights fund is assisting the victims of the apartheid system. Our government programs—initiated in recent years—are paralleled by the involvement of many nongovernment institutions: churches, businessmen, unions, foundations, and universities. The principle at stake, that I am drawing, is a simple but powerful one of being involved through our presence and our programs. This means having tools of influence, rolling up our sleeves, and pushing our goals. It does not mean being seduced by a *status quo* that is overwhelmingly repellent to Americans.

Current Realities in South and Southern Africa

Turning from these fundamental propositions, let me now address briefly some realities that we see in the current situation that none of us can afford to ignore.

First, the process of change away from apartheid has begun. That odious system—rooted in racism and fear—was built in the 1940s and 1950s; it flourished in the 1960s and 1970s. Today it is eroding, it is being challenged, and it is being dismantled. We do not endorse the limited changes that have been made. They are not enough; they have not yet touched the core political issues; they do not have black support and have in some respects fueled black anger. But knowledgeable observers are widely agreed that significant change has started—in the economic and urban rights of blacks, in the grant of certain political rights to coloreds and Asians, and in the official recognition that power must be more broadly shared and that such fundamental change must be negotiated with blacks.

Second, the vicious downward spiral of unrest and repression of the past 12 months in South Africa has added to the urgency of such negotiation and basic change. It has also added to the difficulties of bringing them about. The violence flows from the anger of blacks, especially those with no stake in the current setup. The explicit exclusion of blacks from recent constitutional moves and a severe economic downturn have had explosive consequences. With almost no legitimate outlets, discredited systems of rural and urban self-government, and a 50% unemployment rate among urban black youth, a volatile situation developed. Ironically, but perhaps not surprisingly, if we recall De Tocqueville's words, the explosion came at the very time when government was talking about change and white attitudes were clearly shifting.

Third, the main impetus for change is internal. It is the demands of a modernizing economy for a stable, skilled workforce and the demands of apartheid's victims for full political and economic opportunity that constitute the major pressures on the system. Black Africans have no formal political rights at the national level in South Africa, and the physical power of the state re-

mains awesome. But as we are witnessing daily, the black communities of South Africa have growing influence through their numbers, their role as workers and as consumers, and their ability to discredit and disrupt an outdated and unacceptable system. South Africa's economy and its social fabric cannot be maintained at gunpoint. These facts speak for themselves about the urgent necessity of further change.

Fourth, the current climate in South Africa inhibits as well as demands such change. There is tinder in the townships. Emotions are easily polarized at a time of violence that has taken over 600 lives—mainly black—in the past 12 months. Black unrest and government repression have created a larger than usual gulf of suspicion and distrust. Brutal killings, arrests, trials, and detentions make it hard for political leaders to reach each other, to make gestures, and to take risks. A time of tense polarization is also a time of posturing for the record. Keeping the faith with your own constituency can overwhelm the imperative of dialogue. For outsiders looking in on all this, it becomes difficult to discern the real positions of various parties and even harder to recognize the competition for power and position that is taking place within all South African communities.

Let me conclude this brief rundown of relevant facts by stating something that may sound unduly optimistic: compromise and reconciliation in this strife-torn area remain within reach. The states and peoples of southern Africa need each other. No single state can impose its will unilaterally, however unequal the power relations seem to be. Similarly, inside South Africa there is growing interdependence among ethnic and racial communities. No responsible South African wishes to turn his country into an economic basket case. No responsible leader who has looked deeply into the current abyss of violence can take comfort from it.

In practice, a form of preliminary bargaining is going on, but both the government and the governed continue to indulge in the search for position. Whatever may be said, we are still at the stage of argument over ground rules—the shape of the table, who will sit there, and what is on the agenda. To get to the next stage will mean that South Africa's leaders and the leaders of the opposition will have to take responsibility for concrete stands and com-

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promises. There is a long list of black grievances to be addressed. Power must be fully shared on some mutually acceptable basis. That is what ending apartheid means. Equally, agreement on these central issues is unlikely unless the rights of South Africa's minorities—however defined—are also addressed. The task before South Africans is to end injustice and racial domination. That means building a genuinely democratic system. The fact that such values are not widely and genuinely practiced in Africa or elsewhere in the world does not make the process any easier in South Africa. But there is no African country more influenced by or any more committed, at least in theory, to Western norms. We should not write it off.

Recent Developments and the Botha Speech

Let me now turn to recent developments in South Africa that have been costly in human lives and destructive to its political climate, economic confidence, and its relationships with the outside world. For our part, we have repeatedly made clear that official repression, including the recently imposed state of emergency, cannot address the root causes of unrest. We have deplored all violence; constructive change has nothing to do with random destructive acts in which angry people take the law into their own hands nor with police shootings of unarmed mourners or demonstrators. Many, perhaps most, South Africans as well as Americans share these views. We have also made clear that the Government of South Africa bears a special responsibility for restoring a climate of trust and reducing polarization by taking the steps necessary to address grievances and get negotiations going.

Despite the grotesque distortions we sometimes see, no serious observer can claim that we have pulled our punches or accommodated ourselves to day-by-day apartheid injustice and mounting official repression. No major Western government has been more actively engaged on the whole range of human rights and reform issues than ours or brought its influence more fully to bear on the issue of regional diplomacy.

Recent events have triggered a period of review inside the South African leadership. One week ago, at its request, the President's national security adviser, Bud McFarlane, several colleagues, and I met in Vienna for talks with South African Foreign Minister Pik Botha. The South Africans appeared to recognize that the underlying issues of political change had to be addressed and a process of negotiation launched. We were informed in general terms of the intention of President Botha to speak on these matters this week. We, in turn, made plain that bold steps were needed, and mounting official and public concern in the United States and elsewhere over continued violence and racism was severely jeopardizing South Africa's external relations.

The Botha speech has now been given, and it has received widespread comment. Let me offer a few comments of my own.

The State President called it—and other recent declarations—his manifesto; he made clear that, in the context of Afrikaner and National Party politics, it represents—and I quote—the “crossing of the Rubicon” from which “there can be no turning back.” In practical terms, the content of the speech includes:

- Recognition that key features of apartheid, such as influx control, are on the agenda for change;
- A renewed commitment to reform, including certain ideas on citizenship for black South Africans;
- Acceptance of the principle of participation and joint responsibility by all South Africans in an undefined constitution; and
- An explicit call for negotiation on these issues.

We consider yesterday's speech to be an important statement in that it discussed some issues that are at the core of the problem of apartheid. At the same time, the speech—written in the code language of a foreign culture within a polarized society—is not easily interpreted and raises many questions. We have repeatedly called for negotiations among South Africans and can only reaffirm our appeal that every avenue to possible reconciliation and dialogue be explored.

What must be emphasized is that a speech such as this is but an element of an ongoing process. It does not, in itself, constitute change. That can only come

from concrete implementing actions that follow up in tangible ways on the principles that have been outlined. We will look for clarifications and implementation of those principles through negotiation between that government and leaders of South Africa's other communities.

Clearly, it is too soon to predict whether this statement or others that we expect will follow will get dialogue started and break the destructive pattern of recent months. President Botha's invitation to negotiate on the basis of broad abstract principles can be reinforced by practical steps such as the abolition of influx control, perhaps the most degrading aspect of apartheid in the daily lives of blacks. It is clear that blacks, who are otherwise prepared to talk, will raise the release of Nelson Mandela and other detained leaders. The U.S. Government is also on record in support of these goals. I do not mean to suggest an agenda here but rather to suggest that the government bears a special responsibility for creating confidence. In present-day South Africa, the crossing of Rubicons in white politics simply cannot be stated; it must be demonstrated. What we define as a Rubicon is when negotiation is no longer about whether apartheid is to be dismantled but is about how and when. We must also recognize that fear and suspicion are a two-way street. Just as there are some in white politics who do not want to see negotiated power-sharing with blacks, there are, no doubt, blacks who oppose a negotiated compromise. Statesmanship is needed on both sides.

At this time of turmoil, we Americans can only hope that South Africans will get on with it and not get hung up on questions of face and procedure. Official government statements increasingly emphasize that reforms are rejected as inadequate or cosmetic when they are initiated by government; accordingly, specific reform commitments are delayed until they flow, or are seen to flow, from negotiation. On the opposition side, negotiation has often been turned down until specific pledges of change are made. Yet official reforms are frequently dismissed on the grounds that no credit should be given to political decisions from which blacks have been excluded. While perhaps understandable, this escalation of procedural and substantive preconditions has become destructive. Imagination and leadership are needed.

Conclusion: How Do We Proceed?

I have shared with you our basic principles and deep concerns and hopes, and I want to think that you share them. The question of how we can best be helpful in this drama is one on which people of integrity and conviction can differ. But let us remember our common goal and discuss our role with the seriousness it deserves.

I will conclude with my sense of the implications for policy.

- The United States should continue to avoid prescribing blueprints for South Africa's future. That is for South Africans.

- We should remain builders and not destroyers in that land and in that region, using the influence that derives from being present, having programs

and people there, and from having contact and communication with all parties.

- We should voice clearly, in private and in public, our strong convictions about racism and violence with the strength derived from our own diverse and complex society.

- We should develop, rather than withdraw, our influence and be prepared to use it, while taking into account the strength and self-sufficiency of a state halfway round the world that cannot be coerced by outsiders on whom it is only marginally dependent.

- Finally, we should recall that our strongest tools in this situation are moral and political. That being the case, it won't be effective to walk away and sever our contact. We don't intend to do so. ■

thing to do, to stop it. Refusing loans to people who don't practice equal opportunity, that's very sensible, and the President would agree with that. On the other hand, to prohibit investment by U.S. companies and loans for that purpose which clearly have helped blacks, which provide equal opportunity, education, and so forth, hurt the very people you're trying to help.

Now most bills—virtually all—have a mixture of good and bad features in them, and so while we would prefer that we adopt the good ones and reject the bad ones, no bill in Congress right now does that.

Q. Are you saying that any of the bills coming forward would be vetoed?

A. No. The President has said that he will look at each one as it comes and make decisions on how best we can apply our influence to get change away from apartheid.

Q. Is there a minimal program? Can you tell us, and have you told any of the ministers of South Africa, certain things that they could do, that you believe would or should relieve the pressure for immediate sanctions?

A. No, we haven't because the President believes that it is not up to the United States to prescribe what is right for other people. We have said firmly we want an end to apartheid. The government this week has labored and produced a kind of a cloud. I think the black leadership has said that they expect violence to worsen and it's, I suppose, a little shocking to see what we've just seen on this show—the off-handedness with which people talk about the inevitability of violence. It seems to me, it seems to the President, that it is a reasonably low risk for people to challenge the government now. It has said certain things. Influx control is obsolete; citizenship is a possibility. And just this morning in what I think was a useful service on your own part, we've heard South African officials say that equality is envisioned at the end of this process.

All right. Let's challenge the government, sit down, find out, what does all of this rhetoric mean? Is it a good faith commitment to a negotiated peaceful evolution from apartheid? Who knows? You can't tell from the speech.

Mr. McFarlane's Interview on "This Week With David Brinkley"

Robert C. McFarlane, Assistant to the President for National Security Affairs, was interviewed on ABC-TV's "This Week With David Brinkley" on August 18, 1985, by David Brinkley and Sam Donaldson, ABC News, and George F. Will, ABC News analyst.

Q. Two weeks ago, about, you met with South African officials in Vienna. Were you led to believe that Mr. Botha would be more forthcoming than it turned out he was?

A. I think the spectrum of possibilities that were discussed in Vienna included surely more than was announced this past Thursday. To be fair, they did say that decisions have not been reached, but yes, quite a lot more was discussed 2 weeks ago.

Q. Are we going to maintain, can we maintain our constructive engagement policy as in the past?

A. I think it's useful for people to understand what constructive engagement is. There seems to be this concept that it represents a "cozying up to" and unrelieved support for the Government of South Africa by the United States. That's not so.

Constructive engagement has meant, means today, trying to use our influence, and in the past 4 years that has worked to get change away from apartheid. It doesn't at all mean simply a

slavish following and support for whatever South Africa does. It means firm application of all of our influence behind the scenes, and it has been quite firm and effective, to move the country away from apartheid, and yes, that policy has gotten results and the President's committed to carrying it on. I mean, what, what are we to do? Do you intend that we should throw up our hands and walk away, to have no influence, to take a kind of a Pontius Pilate view of this issue and forget it? The United States has been the only country in the past 4 years which has worked for change and has been able to get it.

Q. Are all, or some, or none of the proposals now moving through Congress involving sanctions toward South Africa so unacceptable that they would be vetoed? All, some, or none?

A. I think that all of the bills are kind of a natural expression of American values and of American impulse toward doing something even if it may be wrong, specifically. The attempt is, whenever we have seen violence, to sever all ties that we have in a kind of a protest, but, is that sensible? To answer your question: Some of the things in the bills are measures the President could surely support. Stopping computer sales to agencies of government that administer apartheid. That's a very sensible

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Q. How long should we wait to find out? This challenge should be taken over a course of how many days, weeks, months, or years?

A. For people to sit down in a negotiation, it need not take a long time. Basically, the problem is to find people to come, a place to meet, an agenda to discuss.

Q. Yes, but you have changed the ground rules as far as I can see, from the standpoint of the U.S. Government's reaction. On Thursday, after President Botha's speech, you said it wouldn't be up to us to decide whether the speech had made it or not; it would be up to black South Africans and you would wait for their reaction. Their reaction appears to already be in and uniformly it is that the speech wasn't good enough. Why not accept that judgment?

A. You seem to imply that it is within the U.S. power to require a certain outcome, a negotiation, a set of milestones, and that's obviously not the case. I do think it's possible—only possible—that a second level reflection, after a couple of more days, may lead these leaders, on both sides, who are looking into the abyss of massive violence to simply say, does it cost us that much to sit down, challenge this government, ask them to put their money where their mouth is, turn the rhetoric into reality? You can still walk away next week if it doesn't turn out, but the alternative leads nowhere.

Q. Had you expected that the government would release Nelson Mandela [imprisoned leader of the banned African National Congress]?

A. No.

Q. Do you want it to release Nelson Mandela?

A. Yes.

Q. Why do you think it did not?

A. There's a pessimist's and optimist's answer to that. The pessimist can say that it was because of pressure from the conservative side of the community there. The optimist can say that perhaps as part of the negotiation, which is what we were told, this would be an item on the agenda and not out of the question.

Q. Is it fair to say, in sum, that you were disappointed by the Botha speech from the standpoint of the specificity which was lacking?

A. As long as there's apartheid we're going to be disappointed, yes.

Q. This is to ask for a little political analysis on your part. Why did Botha make that speech? Couldn't he have been a little more forthcoming and calm some of the violence which continues today, by the way, in South Africa? Why do you think he did that?

A. You'll have to ask him about that. We are dealing with very stubborn people on both sides of this issue in that country. The limits of what the State President believed could be sustained apparently is what he said, and yet I think the frustrations it produced on the other side need not lead to violence. The black leadership doesn't risk a lot by sitting down now and saying, what do you mean by your citizenship rhetoric? What do you mean by what you said about influx control? Do you intend a negotiated process or not? And that will become quickly evident, but it will still, I think, put them on the high road. ■

Background on South Africa

GEOGRAPHY

The Republic of South Africa lies at the southern tip of the African Continent. The independent Kingdom of Lesotho is an enclave located within the east-central part of South Africa.

The country has a narrow coastal zone and an extensive interior plateau with altitudes ranging from 1,000 to 2,000 meters (3,000–6,000 ft.) above sea level. South Africa lacks important arterial rivers or lakes, so extensive water conservation and control are necessary. The coastline is about 4,300 kilometers (2,700 mi.) long.



South Africa's climate is generally moderate, with sunny days and cool nights. The seasons are reversed because the country is in the Southern Hemisphere. The average mean temperature is remarkably uniform, the

most southerly point having a mean yearly temperature of 16.5°C (61.8°F), while Johannesburg, about 1,600 kilometers (1,000 mi.) to the northeast and 1,700 meters (5,700 ft.) higher, has an annual mean temperature of 16°C (60.8°F). Mean annual precipitation ranges from less than 12.7 centimeters (5 in.) along the west coast to 102 centimeters (40 in.) or more in the east.

PEOPLE

South African law divides the population into four major categories: Africans, whites, coloreds, and Asians. In South Africa, the term "black" embraces Africans, coloreds, and Asians. The Africans (72% of the population) are mainly descendants of Sotho and Nguni peoples who migrated southward centuries ago. They are subdivided into 10 groups corresponding to the 10 ethnically based "homelands", called national states by South Africa. Four are considered independent only by South Africa: Transkei, Venda, Ciskei, and Bophuthatswana. The largest African ethnic groups, according to 1980 estimates, are Zulu (6.0 million) and Xhosa (5.8 million).

Whites are primarily descendants of Dutch, French, English, and German settlers, with smaller admixtures of other European people, and constitute about 16% of the population.

Coloreds are mostly descendants of indigenous peoples and the earliest European and Malay settlers in the

South Africa—A Profile

People

Nationality: *Noun and adjective*—South African(s). **Population** (1983 est.): 31.1 million. **Annual growth rate:** 2.5%—whites, 0.8%; blacks*: "coloreds" 1.8%; Asians 1.8%. Africans 2.8%. **Ethnic groups:** *White*—English, Afrikaner; *black*—colored, Asian, African. **Languages:** English and Afrikaans (official), Zulu, Xhosa, North and South Sotho, Tswana, others. **Religions:** predominantly Christian; also traditional African, Hindu, Muslim, and Jewish. **Education:** *Years compulsory*—white and coloreds, ages 7–16; Asians ages 7–15; Africans, being introduced. **Health:** *Infant mortality rate*—per 1,000 live births (1978): Whites 14.9; blacks, coloreds 80.6, Asians 25.3, Africans, unknown. *Life expectancy*—Whites 70 yrs.; blacks: coloreds 59 yrs., Asians 66 yrs., Africans 55 yrs. **Work force** (11.0 million): *Agriculture*—30%. *Industry and commerce*—29%. *Services*—34%. *Mining*—7%.

Geography

Area: 1,233,404 sq. km. (472,359 sq. mi.), including the enclave of Walvis Bay; about twice the size of Texas. **Capital:** *Administrative*—Pretoria (pop. 1.0 million). *Legislative*—Cape Town (1.7 million). *Judicial*—Bloemfontein (0.2 million). *Other cities*—Johannesburg (1.9 million), Durban (0.9 million). **Terrain:** plateau, mountains, coastal plains. **Climate:** moderate.

Government

Type: Executive—president, tricameral Parliament with one chamber each for whites, coloreds, and Indians, under a new constitution effective September 3, 1984. **Independence:** May 31, 1910, Union of South Africa was created; became sovereign state within British Empire in 1934; May 31, 1961, became republic; October 1961, left the

British Commonwealth. **Constitution** (effective September 3, 1984).

Branches: *Executive*—state president (chief of state) elected to a 5-year term subject to removal by majority vote of each of the three Houses. *Legislative*—tricameral Parliament consisting of 308 members in three chambers: House of Assembly (white) 166 members elected directly for maximum 5-year term, 4 members nominated by the president, 8 indirectly elected by the chamber; House of Representatives (colored) 80 directly elected members, 2 members nominated by the president, and 3 indirectly elected by the chamber; House of Delegates (Indian) 40 members directly elected, 2 nominated by the president, and 3 indirectly elected by the chamber. President's Council—60 members, 25 appointed by the president, 20 elected by the House of Assembly, 10 elected by the House of Representatives, and 5 elected by the House of Delegates. Members serve during term of Parliament. *Judicial*—Supreme Court consisting of the Appellate Division in Bloemfontein and four provincial divisions.

Administrative subdivisions: Provincial governments of the Transvaal, Orange Free State, Cape of Good Hope, and Natal; ten separate "homelands" administered in areas set aside for black Africans.

Political parties: *White*—National Party, Progressive Federal Party, New Republic Party, Conservative Party, Reconstituted National Party. *Colored*—Labor Party, Freedom Party, People's Congress Party, Reformed Freedom Party, New Convention People's Party. *Indian*—National People's Party, Solidarity. **Suffrage:** Adult whites, coloreds, and Indians 18 and older.

Central government budget (FY 1984–85): Rand 25 billion.

Defense (FY 1984–85): 14.9% of government budget.

Flag: Three horizontal bands—orange, white, and blue, from top to bottom—with

the Union Jack and the flags of the two former Boer Republics (the Orange Free State and the Transvaal Republic) reproduced in miniature and centered on a white band.

Economy

GNP (1983): \$75.5 billion. **GDP** (1983): \$73.2 billion. **Annual growth rate** (GDP): 12.6% nominal –3.1% real. **Per capita GNP:** \$5,239. **Avg. inflation rate:** 12.3%.

Natural resources: Nearly all essential minerals except oil.

Agriculture (1983): 4.7% of GNP. *Products*—corn, wool, dairy products, wheat, sugarcane, tobacco, citrus fruits. *Cultivated land*—12%.

Mining: 15.1% of GNP.

Manufacturing: 23% of GNP.

Industry: *Types*—minerals, automobiles, fabricated material, machinery, textiles, chemicals, fertilizer.

Trade: *Exports*—\$18.2 billion: gold, diamonds, corn, wool, sugar, fruit, fish products, metals, metallic ores, metal products, coal. *Major markets*—US, Switzerland, Japan, UK. *Imports*—\$14.4 billion: machinery, electrical equipment, transportation equipment, office machinery and data processing equipment, metal products. *Major suppliers*—US, FRG, Japan, UK.

Official exchange rate: The South African rand is under a managed float: 1.11 rand=US\$1 (1983 avg.).

Fiscal year: April 1–March 31.

Membership in International Organizations

UN and many of its specialized agencies, General Agreement on Tariffs and Trade (GATT), INTELSAT.

*In South Africa, the term "black" embraces the South African racial categories of "colored" (mixed race), Asian, and African.

area. Living primarily in the Cape Provinces, coloreds constitute about 9% of the population.

Asians are mainly descendants of the Indian workers brought to South Africa in the mid-19th century to work as indentured laborers on sugar estates in Natal. They constitute about 3% of the population.

Of South Africa's 15 residential universities, 10 are designated for whites, 3 for Africans, and 1 each for coloreds and Asians. There is also a medical university for Africans. Blacks can be admitted to white universities, but the government has legal powers to impose quotas. The University of South Africa conducts correspondence courses for some 55,000 students of all races.

Another university, Vista, planned to accommodate Africans living in urban areas, opened in 1983. The literacy rate 15 years and older for the various groups has been estimated at 98% for whites; African, 50%; coloreds, 75%; and Asians, 85%.

Christianity is the predominant religion, and diverse Christian sects exist.

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HISTORY

Human life has existed in southern Africa for thousands of years, but of the present inhabitants, the earliest are the peoples whom the European settlers called Bushmen and Hottentots—members of the Khoisan language group, of which only a few survive.

Members of the Bantu language group, to which most of the present-day Africans of South Africa belong, migrated slowly southward from central Africa and began to enter the Transvaal sometime before A.D. 100. The Nguni, ancestors of the Zulus and Xhosas, had occupied most of the east coast by 1500.

The Portuguese were the first Europeans to reach the Cape of Good Hope—in 1486. Permanent white settlement began to take place when the Dutch East India Company established a provision station there in 1652. In subsequent decades, additional French Huguenot refugees, Dutch, and Germans settled in the Cape area to form the Afrikaner segment of the modern population. By the end of the 18th century, European settlement had extended through the southern part of the Cape westward to the vicinity of the Great Fish River, where the whites first came into serious conflict with the Xhosa branch of the Nguni.

Britain seized the Cape of Good Hope at the end of the 18th century, and subsequent British settlement and rule marked the beginning of a long conflict between the Afrikaner and English. Partly to escape British political rule and cultural hegemony, many Afrikaner farmers (Boers) undertook a northern migration (the Great Trek) beginning in 1836. This movement brought them into contact with several African groups, the most formidable of which were the Zulus. Under their powerful leader, Shaka (1787–1828), the Zulu conquered most of the territory between the Drakensburg Mountains and the sea (now Natal). At the Battle of Blood River in 1838, the Zulus were defeated decisively by the whites, and their power was weakened. However, they remained a powerful force in northern Natal until 1879, when, following an initial Zulu victory, British troops destroyed the Zulu military force and occupied Zululand.

The independent Boer republics of the Transvaal (the South African Republic) and the Orange Free State were created in 1852 and 1854. Relations between these republics and the British Government continued to be strained. The famous diamond strike at

Kimberley in 1870 and, 16 years later, the discovery of extensive gold deposits in the Witwatersrand region of the Transvaal resulted in an influx of European (mainly British) investment and immigrants. The Boer reaction to this flood and to British political intrigues against the two republics led to the Anglo-Boer wars, 1880–81 and 1899–1902. After a bitter struggle, the British forces conquered the Boer republics and incorporated them into the British Empire. The two former republics and the two British colonies of the Cape and Natal were joined on May 31, 1910, to form the Union of South Africa, a dominion of the British Empire, with its white population controlling most domestic matters. In 1934, under the Statute of Westminster, the union achieved status as a sovereign state within the British Empire.

Conflict between Afrikaners and English-speaking groups continued to influence political developments. A strong resurgence of Afrikaner nationalism in the 1940s and 1950s led to a decision, through a 1960 referendum in the white community, to give up dominion status and establish a republic. This decision took effect on May 31, 1961. In October 1961, South Africa withdrew its application for continued membership in the Commonwealth.

In 1983, whites approved, by 66% of the vote, a new constitution which inaugurates limited powersharing with coloreds and Asians. Elections for the colored and Asian Chambers of Parliament took place in August 1984. The new constitution was promulgated on September 3, 1984.

GOVERNMENT

When the Union of South Africa was formed in 1910, the former Boer Republics and the principal British colony all wanted their capitals—Pretoria, Bloemfontein, and Cape Town—to be selected as the capital of the new Union. They compromised by making Pretoria the administrative capital, Cape Town the legislative capital, and Bloemfontein the judicial capital.

The Republic of South Africa has opted for a unique combination of a strong presidential system somewhat modeled on the fifth French Republic and a tricameral Parliament in which each Chamber will respectively represent whites, coloreds, and Indians. Parliament will operate in a form essentially similar to that of the United

Kingdom, but emphasis will be placed on reaching consensus in joint committees. A distinction is made between “own” affairs (subjects limited to one racial group) and “general” affairs (common to all). In cases of disagreement between the Houses, the President’s Council can advise the president to which class particular legislation belongs. Suffrage and membership in Parliament has been extended from exclusive control of whites to include coloreds and Indians. Key government positions are monopolized by whites although there are colored and Indian Cabinet members.

The South African Parliament and president are sovereign, and the judiciary has no power to review parliamentary acts except to ascertain that they conform to proper procedures. Although the new system has only begun to operate, it appears that real legislative initiative and authority appears to rest primarily with the presidentially-appointed Cabinet. Presidentially-selected ministers’ councils administer “own affairs” for each of the three population groups represented in parliament. The president himself is elected by an electoral college consisting of 50 members elected from the white House of Assembly, 25 members elected by the colored House of Representatives, and 13 members elected from the Indian House of Delegates. The president’s term is concurrent with the life of Parliament or no more than 5 years and lapses at the dissolution of Parliament. Elections for Parliament can be called by the president at any time but must be held every 5 years. The last white general election was held in April 1981, and the colored and Indian elections were in August 1984. The term of office for members of the previous whites-only parliament was rolled over for an additional 5 years when the new tricameral parliament was created in September 1984. The next general election is therefore not mandated until 1989.

The head of state is the state president, who is also commander in chief of the defense forces, can dissolve Parliament or any House, can address or call a joint setting of any or all Houses, can declare martial law, and can declare war and make peace.

The South African Parliament consists of three chambers. A 178-member House of Assembly representing whites, an 85-member House of Representatives representing coloreds, and a 45-member House of Delegates representing Indians. The President’s Council is com-

posed of 50 members, half directly appointed by the president, the rest elected by the majority of each chamber on a fixed 4:2:1 ratio of whites, coloreds, and Indians. The principal role of the President's Council is to render advice to the president with particular reference to determining if a legislative issue is an "own" or "general" affair. It can also propose advice on any other issue it may wish to take up. Its advice is not binding. The authors of the new constitution have expressed the hope that consensus on key issues between the three Houses can be reached through the operation of joint standing committees.

Judicial authority is vested in the Supreme Court of South Africa, which consists of an Appellate Division in Bloemfontein (the High Court) and provincial and regional divisions. South Africa's four provinces have governments consisting of an Administrator appointed by the state president and a unicameral legislature elected on the same franchise as the House of Assembly (that is, white only).

Government Institutions for Africans, Coloreds, and Asians

Racial discrimination in South Africa has become increasingly institutionalized since the ruling National Party first came to power in 1948. The policy of apartheid calls for developing separate political institutions for the racial groups in South Africa.

Africans are not considered permanent citizens of South Africa but rather of the "homelands" to which each tribal group is assigned. Four of these homelands—Transkei, Bophuthatswana, Venda, and Ciskei—have been made "independent." When a homeland becomes independent, all the members of the associated ethnic group lose their South African citizenship and become citizens of the homeland. The United Nations has adopted resolutions condemning the South African homeland policy, and no country has recognized the independence of any of the homelands.

During 1984, the permanence of an urban black population outside the homelands was recognized in several official government statements. Early in 1985, the State President announced that the possibility of a common South African citizenship to include all blacks would be investigated. The practical meaning and extent of these pronouncements remains to be clarified.

These and other fundamental tenets of the apartheid system are the subject of intense scrutiny and controversial debate as the government has entered into a process of political and racial reform.

Coloreds and Asians are considered permanent citizens and are afforded some political expression. When colored representation (by whites) in the national Parliament was eliminated in 1969, the Coloured Persons' Representative Council (CPRC) was established. The South African Government abolished the CPRC in 1980 after its elected Coloured Labor Party membership boycotted the body. The South African Indian Congress (SAIC), with an elected membership, was the corresponding body for Asians. The SAIC also had no direct powers, but, like the CPRC, was designed to advise the appropriate ministers concerning colored and Asian affairs.

Legal colored and Indian political expression is now being channeled into their respective chambers of Parliament, and the SAIC will be abolished. However, there is considerable dissent in both communities on the advisability of participating in the new system because it excludes Africans. Adherents of this view successfully called for a boycott of elections for the new chambers or non-participation in them on the grounds that the new system entrenches racial discrimination and would make coloreds and Indians partners of the whites in repression of blacks. Voter turnout averaged between 20% and 30%.

Principal Government Officials

State President—Pieter Willem Botha

Ministers

Cooperation and Development and

Education—Dr. Gerrit Viljoen

Transport—Hendrik Schoeman

Constitutional Development and

Planning—J. C. Heunis

Home Affairs and National Education—

F. W. de Klerk

Communications and Public Works—

Dr. L.A.P.A. Munnik

Foreign Affairs and Information—

Roelof F. Botha

Mineral and Energy Affairs—

D. W. Steyn

Law and Order—Louis le Grange

Health and Welfare—C. V. van der

Merwe

Environment and Tourism—

J.W.E. Wiley

Defense—Gen. Magnus Malan

Manpower—P.T.C. du Plessis

Trade and Industries—Dr. David J. de Villiers

Justice—H. J. Coetsee

Agricultural Economics and Water

Affairs—J.J.G. Wentzel

Finance—Barend du Plessis

Ambassador to the United States—

J.H.A. Beukes (appointed 9/23/85)

Ambassador to the United Nations—

Kurt von Schirnding

Chairman of the Ministers' Council of

the House of Representatives—

Rev. Alan Hendrickse

Chairman of the Minister's Council of
the House of Delegates—Armichard
Rajbansi

The Republic of South Africa maintains an embassy in the United States at 3051 Massachusetts Avenue, NW., Washington, D.C. 20008 (tel. 202-232-4400).

POLITICAL CONDITIONS

Political intercourse across racial lines has been illegal in South Africa. Official political activity, therefore, was largely confined within the various racial groups. The new system envisions broad consensus between whites, coloreds, and Indians, and a parliamentary committee is considering possible abolition of laws against multiracial political activity.

The White Community

Four white parties have been represented in the South African Parliaments. In the April 1981 general election, the National Party won 131 out of 165 seats. Ten of the 12 appointed members of Parliament are also Nationalists. The National Party's control of 141 of Parliament's 177 seats was cut to 127 with the defection in March 1982 of 17 members who left to form the Conservative Party (now 18 members). The National Party draws most of its support from the Afrikaners, who represent 60% of the white population.

The central element of National Party policy is the practice of apartheid, or separate development. Since 1948, National Party governments have passed a series of measures to enforce the separation of the races and have developed the homelands policy in an effort to ensure continued white South African control.

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Although the National Party as a whole stands for white domination, elements of the party recognize that some accommodation must be made with the black majority if whites are to continue to live peacefully in South Africa. Current party ideology denies that whites are racially superior to blacks. Under State President Botha, the party has been moving toward a refinement of apartheid, which it hopes will prove more acceptable to the black majority and the international community.

The Progressive Federal Party (PFP), led by Fredrik Van Zyl Slabbert, is the official opposition, with 27 seats in Parliament (26 elected, 1 appointed). The PFP draws its principal support from urban English-speaking constituencies. The party stands for universal suffrage in a federal system, with strong guarantees for minority rights. The party has little prospect of gaining sufficient seats to threaten the National Party's control of the assembly.

The New Republic Party (NRP), led by Bill Sutton, is the remnant of the United Party, which ruled South Africa until 1948. The NRP commands 5 Parliamentary seats from Natal and the Eastern Cape, both concentrations of English-speaking voters. The NRP stands for continued white rule without the harsher aspects of apartheid. The reconstituted National Party (HNP) was formed in 1969 when dissidents left the National Party over a disagreement on interracial sports. The party leader is Jaap Marais. Although the HNP holds seats on town and city councils, it has no members in either parliament or provincial assemblies.

In March 1982, former Minister of State Administration and Statistics Andries P. Treurnicht led a walkout of 17 National Party members, who then formed the Conservative Party. The Party supports what it interprets as original National Party principles and opposes any form of powersharing with "nonwhites," which, it claims, would jeopardize ultimate white control. Although it opposed the constitutional referendum, it participates in its assembly.

The Colored and Asian Communities

The principal concern of the colored and Asian communities is to what extent they will participate within the institutions created by the government. The older and more conservative segments of both communities have enjoyed their relatively privileged positions in society and have argued for opposition to apartheid within the framework established by the government. The younger and more radical members of the colored and Asian communities, however, believe that their long-term interests lie with the African majority and that they should refuse any participation in the government system.

The African Community

Organized African opposition to South Africa's system of racial discrimination began with the founding of the African National Congress (ANC) in 1912. After World War II, with the rise of African nationalism throughout the continent, African political activity in South Africa intensified. Both the ANC and the Pan African Congress (PAC) turned to passive resistance as a means of advancing their demands for a more equitable system. During a passive resistance campaign in March 1960 against the unpopular "pass laws," through which the movement of Africans outside the homelands is tightly controlled, white police opened fire on an African crowd in Sharpeville, killing 69 people. The Sharpeville massacre led to an international outcry against apartheid, led by the newly independent black African states. Within the country, the government moved quickly to restore order by banning the ANC and PAC and passing a series of tight security laws.

Sixteen years of relative quiet followed, until rioting erupted in the Johannesburg township of Soweto in June 1976. The rioting began over student refusal to study Afrikaans in the school system. The rioting spread to other towns, and, before ending, police had killed several hundred Africans. After the rioting, students became a major force in African politics, and new groups, known collectively as the Black Consciousness Movement, sprang up to replace the exiled ANC and PAC. The generally recognized leader of the movement was Steve Biko, head of the Black People's Convention.

Biko died from injuries received under mysterious circumstances while in police custody; his death led to renewed outcries against South Africa's racial policies and the often brutal security measures used to enforce them. In response to domestic criticism over the Biko incident, the government detained 50 moderate black leaders, banned several leading white critics, and closed down the largest black newspaper and other institutions, such as the Christian Institute, working to help black South Africans. The international response to these actions was a mandatory arms embargo on South Africa, voted by the UN Security Council, the first mandatory embargo imposed on a UN member state. Domestically, however, the security crackdown succeeded in stifling overt criticism of South Africa's racial policies.

A period of political quiescence followed in urban areas. The major political organizations were the black consciousness oriented Azanian Peoples' Organization (AZAPO) and the Zulu led Inkatha. Many urban blacks, in particular young people, turned to underground and exiled nationalist groups. Others channeled their political aspirations to trade unions where some activities have been legalized for blacks. The government has had a mixed response to this challenge; it has permitted black unions to register for collective bargaining purposes but has detained many trade union activists.

The constitutional referendum led to the formation of two new groups, the black consciousness oriented national forum and the multi-racial united democratic front which espoused the principles of the 1956 freedom charter. These organizations supported the largely successful call for a boycott of colored and Indian parliamentary elections.

African frustration at exclusion from the new constitution combined with a downturn in the economy to produce renewed unrest in 1984-85. Opposition to the government-sponsored town councils in black townships, responsible for increased rents, and continuing dissatisfaction with African education were two key issues. Unrest began in the transvaal and reached a climax in the vaal triangle in September 1984. On the 21st anniversary of Sharpeville, 19 people were killed as a funeral procession approached policemen near Uitenhage in the eastern cape. Since August 1984, the government has detained many opposition figures including most of the leadership of the UDF which is to be charged with treason.

Political activity in the homelands has followed a course different from that in the urban areas. The government has fostered development of political parties that will accept independence from South Africa. Five homeland leaders have rejected independence. In KwaZulu, homeland for South Africa's Zulus, the nation's largest ethnic group, the Chief Minister, Gatsha Buthelezi, has stated repeatedly that he will not accept independence. He insists on political rights for Africans within South Africa. The Government, however, maintains its determination to see all of South Africa's homelands independent in the near future, as members of a future overarching confederation of southern African states.

ECONOMY

Until well into the 19th century, most South Africans—black and white—lived primarily by herding or farming. The discovery of diamonds in 1867 and gold in 1886 ushered in South Africa's industrial age. Rapidly growing mineral industries promoted the development of cities, an important part of which included concentrations of African workers by the hundreds of thousands. Johannesburg grew rapidly out of grasslands into the country's largest urban and industrial center.

South Africa's industrial activity was further stimulated by the import shortages caused by both World Wars. Since World War II, the South African Government has endorsed the concept of national economic self-sufficiency. Largely for this reason, manufacturing makes the greatest sectoral contribution to the economy. However, mining and agriculture remain important to the South African economy. Exports of gold (in the form of bullion and coins) account for more than half of the total value of South African exports. A persistent drought has drastically reduced harvests in the past 2½ years and has had the same effect on agricultural exports, though in normal climatic conditions South Africa is a considerable food exporter.

During the 1960s and early 1970s, South Africa enjoyed impressive rates of real economic growth (an average of 5.6%, 1960-74.). The downswing that began in late 1974 and continued

through 1977 was caused by the impact of higher oil prices, a fall in demand for South African exports caused by recession in its major trading partners' economies, declining gold prices, and a sharp drop in the incoming foreign capital because of regional political events.

The economy began to recover in 1978, when real GNP growth reached 2.3%, after a year of no growth. In 1980, a near record of 8% was reached. The economy improved through mid-1981, until a cyclical downswing developed once more; real growth for the year was 4.6%. In 1982, real growth declined by more than 1% and fell by an additional 3.7% the following year. The economy grew about 3% in 1984; the previous 2 years of negative growth had been unprecedented in South Africa's post-World War II experience. The next upswing in the country's business cycle is expected to be export led. Assuming recovery and expansion continues in South Africa's major (industrial) trading partners, increased demand for the country's (primarily) mineral exports will generate local income and jobs. Endangering the domestic recovery is the continuing drought and a record low exchange value of the rand (in early 1985) caused by a buoyant American dollar and a falling gold price.

In 1981, the monetary and fiscal authorities declared a policy of consolidation and adjustment to prepare the economy for its next cyclical upswing. Short-term interest rates soared in 1982, but government spending went well over budgeted targets. In what looked like favorable circumstances for recovery in early 1983, monetary policy was relaxed, and with government spending remaining expansionary, an unsustainable mini-boom developed in mid-year. This reversed the balance-of-payments correction that had begun in mid-1982, plunging the current account into deep deficit in the first quarter of 1983. Demand

restraint measures, including increased taxation and a return to record high interest rates, cut into domestic demand, especially for credit, in the second half of 1984.

South Africa suffered double-digit inflation for the 10th consecutive year in 1983, though the average rate of consumer price index increase that year fell to 12.3%. For cyclical reasons the inflation rate may moderate somewhat in 1984 but is certain to remain substantially over 10%.

The rand was put under a managed float in 1979, and exchange controls on nonresidents were lifted in early 1983. The authorities are also committed to relax foreign exchange controls on South African residents as well, but will not do so until the balance of payments regains a healthy position.

The revised economic development programs for 1978-87 predicts an average real growth rate of 5.1% for that period, roughly the level needed to absorb the expected new entrants into the labor market. Growth from 1978-84 has averaged 3.3%. Achieving an average growth rate of 5.1% for 1978-87 with so much of the period elapsed will be virtually impossible.

Investment

Foreign private investment is important to South Africa's economic development. More than 70% of the total direct foreign private investment is from Europe; the U.S. share is about 18%. Book value of U.S. investment at the end of 1982 was \$2.5 billion. About 350 U.S. companies are represented in South Africa.

The U.S. Government neither encourages nor discourages private U.S. investment in South Africa. The prospective investor is informed about investment conditions in South Africa, including the economic and political considerations resulting from that country's

South African Foreign Trade

(\$ billions)*

	1980	1981	1982	1983
Total Exports	25.7	20.6	17.3	18.2
Exports to the US	3.3	2.4	2.0	2.0
Total imports	18.3	20.8	16.6	14.4
Imports from the US	2.5	2.9	2.4	2.1

*These figures include the customs areas comprising Botswana, Lesotho, Namibia (South West Africa), and Swaziland, but South Africa alone accounts for at least 90% of the total.

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apartheid policies. The U.S. Government strongly encourages those firms with investments in South Africa to adopt enlightened employment practices for all employees, regardless of race. In this regard, it supports the equal employment principles launched by Rev. Leon Sullivan¹ and urges all American firms to adhere to them.

The United States has maintained the same posture, neither encouraging nor discouraging, toward investment in the black homelands. Americans considering investment there should be aware, however, that the United States can offer no diplomatic or consular facilities in those areas that the South African Government has declared "independent."

In recent years, South African officials estimate that about 10% of new investment capital has been obtained from foreign countries. Foreign investment is concentrated in mining, manufacturing, and petroleum processing and distribution.

Trade

Despite the development of a diversified manufacturing sector, South Africa retains its historic foreign trade pattern of importing mainly manufactured capital goods and exporting raw and semi-processed mineral and agricultural products.

Major suppliers in 1983 were the United States (15%), West Germany (14%), and Japan and the United Kingdom (each with 12%). The primary markets for South African exports in the same year were the United States and Switzerland (each taking 8%), Japan (7%), and the United Kingdom (6%).

Minerals

South Africa is the world's leading producer of gold, gem diamonds, vanadium, and ferrochromium, and one of the top producers of platinum-group metals, titanium, antimony, asbestos, and manganese. It is likely to remain a major mineral producer for the foreseeable future. South African reserves of manganese, platinum group metals, and chrome ore are each greater than half of the world's known supplies; reserves of gold are just under a half of total world reserves, and the country also has extensive deposits of vanadium, vermiculite, phosphate, cobalt, iron, coal, copper, fluorspar, lead, nickel, titanium

sands, and zinc. Minerals listed here include cobalt and nickel which are byproducts, and some such as copper which South Africa is only a small supplier compared with the largest, nickel.

The lack of any known petroleum deposits is a cause of concern to this otherwise mineral-rich country. Despite extensive exploration efforts, no commercially promising petroleum deposits have been found in South Africa or in the adjacent off-shore areas, but a promising off-shore gas field has been identified. South African officials have long been aware of the potential vulnerability of their country to a petroleum boycott and consequently have stressed the necessity of using coal for energy. Domestic coal provides about 75% of the country's energy needs and may provide more in the future. In 1950, South Africa established the South African Coal, Oil and Gas Corporation (SASOL), which uses a coal gasification/liquefaction process to produce petroleum products. The following year, the construction of the first production unit was started. By 1983, construction of a third production unit was complete. Together, all three SASOL units are capable of providing an estimated 50% of South Africa's petroleum requirements. One of two 941-megawatt nuclear power generators in the Cape Province reached 100% generating capacity in mid-1984; the second is to begin producing electricity in 1985.

Manufacturing

South Africa has the most extensive and diversified manufacturing sector in Africa. Manufacturing accounts for 25% of the country's GDP. Most goods produced in South Africa are destined for the domestic market. However, modest but growing quantities of South African manufactured products are entering international trade.

Manufacturing industries provide jobs for almost 1.4 million persons, of whom over half are Africans.

DEFENSE

The South African Defense Force (SADF) comprises four services—army, navy, air force, and medical—each headed by a lieutenant general. Most SADF personnel are white; however, because of growing needs for staff in the military and civilian sectors, recruitment of volunteers among other races is

increasing. Only white males are subject to the draft. The armed forces are capable of conducting counterinsurgency and conventional operations within South Africa and in neighboring states. Improving the quality of training and increasing the quality and quantity of military equipment are emphasized. South Africa has no acknowledged alliances. The military budget for FY 1984-85 represented 14.9% of the central government's budget or about rand 3.8 billion.

FOREIGN RELATIONS

South African forces fought in World War I on the Allied side, and its diplomats participated in the 1919 Versailles Peace Conference. South Africa was a founding member of the League of Nations and was given a mandate to govern South-West Africa, now Namibia, which had been a German colony before the war. South Africa created a Department of External Affairs in 1927 and later that year established diplomatic missions in the main West European countries and in the United States.

South African volunteer forces, including blacks, also fought on the side of the Allies in World War II, took part in the Berlin Airlift, and participated in the postwar UN force in Korea. A desire to cooperate with the West in combating communism remains an important part of South African foreign policy.

The foreign relations of South Africa have been affected significantly by South Africa's racially discriminatory domestic policies, particularly in the postwar period. International concern over South Africa's administration of the mandated territory of Namibia also has caused friction with most of the world.

South Africa ignored an advisory judgment of the International Court of Justice (ICJ) in 1950 that any change in the status of the Namibian territory must receive the assent of the United Nations as the successor to the League of Nations. A proceeding later brought in the ICJ by Ethiopia and Liberia, charging South Africa with violating its mandate, was dismissed on technical grounds in 1966, but later that year the United Nations declared, with U.S. support, that the mandate was terminated and that responsibility for the territory had passed to the United Nations. This position was upheld in an advisory opinion of the ICJ in 1971. (See *Background Notes for Namibia*.)

In 1974, the 29th General Assembly voted to deprive South Africa of its assembly seat (although South Africa was not expelled from the organization as such) in reaction to its refusal to comply with UN and ICJ rulings on Namibia. In January 1976, the Security Council voted unanimously to demand that elections leading to independence be held in Namibia under UN supervision, and in 1978, the South African Government agreed in principle. A process of negotiation, led principally by the United States in cooperation with its major allies, continues over the precise manner in which Namibian independence will be achieved. South Africa views the presence of Cuban troops in Angola as a major obstacle preventing implementation of an unsponsored independence process in Namibia.

In the 1960s, South Africa attempted to improve relations with the rest of Africa, emphasizing the role that its economic and technological resources might play in the future of African development efforts. Exchanges of visits between South African leaders and those of other African states began in the late 1960s, and relationships were established with a number of countries, although diplomatic relations were established only with Malawi.

The end of Portuguese rule in the neighboring territories of Angola and Mozambique and the internationally recognized independence of Zimbabwe in April 1980 deprived South Africa of the cooperation of their white-ruled colonial governments. South Africa took a flexible approach in responding to these developments; its leaders stressed their wish to maintain friendly relations with the new, militant African nationalist government in Mozambique. Moreover, the urgings of the South African Government were a major factor in the decision of Prime Minister Ian D. Smith of the British Colony of Southern Rhodesia to negotiate with African nationalist leaders for a peaceful transition to majority rule.

South Africa's efforts to win acceptance by a significant number of African states have been set back by its intervention in the Angolan civil war in late 1975 and by the riots that erupted in South Africa's urban areas beginning in June 1976. South Africa has contended that it entered Angola only to counter Soviet and Cuban influence and to protect hydroelectric and irrigation projects inside the Angolan border.

Many African countries agreed with the need to oppose communist involvement, but few could accept that as a justification for South Africa's armed intervention.

The riots in South Africa, with their heavy death toll and many arrests, led to increased pressure on South Africa from other African states and the international community generally to effect fundamental changes in its racial policies. Moreover, the international opposition to South Africa's homelands policy was demonstrated when no nation recognized the independent status granted to Transkei in October 1976, Bophuthatswana in December 1977, Venda in September 1979, and Ciskei in December 1981.

South Africa has responded to the international pressure by redoubling efforts to render South Africa immune to sanctions especially in energy, arms, and manufacturing, by orchestrating a well-financed public relations effort aimed at segments of Western society and by producing certain, limited changes in objectionable internal policies. Disclosure that some high-ranking officials involved in the public relations effort were involved in illegal activity became the biggest political scandal in South African history. Known as "Infogate," after the former Department of Information, the scandal ended the career of Prime Minister Vorster, his heir apparent Connie Mulder, and many other high-ranking officials.

South Africa also promotes the idea of a "confederation of southern African states," which would include South Africa, the "independent" homelands, and neighboring black African states willing to trade political recognition for increased economic assistance from South Africa. Despite earlier failures to win black African support for such a scheme, the South African Government continues to offer the confederation as its preferred solution to regional conflict and ethnic diversity.

In the most ambitious foreign policy initiative in many years, the South African Government concluded a mutual noninterference pact with Mozambique. In March 1984, Prime Minister Botha and Mozambique's President Machel signed the "Nkomati Accord," in which each country pledged not to permit hostile operations against the other from its territory. In February 1984, the

South African and Angolan Governments reached an interim agreement in Lusaka which allowed the South Africans to begin withdrawing their troops from southern Angola, while the Angolans promised not to permit SWAPO (South West African People's Organization) insurgents or Cuban troops to reenter the vacated area. To date, the South African disengagement has reached to within 40 kilometers of the Namibian border. South Africa completed the withdrawal of its troops from Angola into Namibia in April 1985.

In May-June 1984, Prime Minister Botha undertook an eight-nation tour of Western Europe in which he sought to explain South Africa's constitutional initiatives and its regional foreign policy goals.

U.S.-SOUTH AFRICAN RELATIONS

The United States has maintained an official presence in South Africa since an American consulate was opened in Cape Town in 1799 (the fifth on the African Continent). U.S. Consulates General are in Johannesburg, Durban, and Cape Town; a U.S. Embassy in Pretoria moves to Cape Town during parliamentary sessions. In addition to official relationships, Americans and South Africans have many nongovernmental ties. For example, black and white American missionaries have a long history of activity there, and the United States is South Africa's most important trading partner.

During the past 20 years, however, U.S.-South African relations have been affected increasingly by South Africa's racial policies, which are antithetical to the U.S. commitment to racial justice and human rights. The United States believes that the denial of all political rights and equal economic opportunity to the black majority of South Africa is a major factor of instability in contemporary Africa. The United States attaches great importance to good relations with other African countries, a large majority of which oppose South Africa's racial policies. If South Africa's policies are unaltered, the United States foresees progressively more violent racial confrontation and the introduction of great-power rivalry into the region to the detriment of all of its inhabitants.

AFRICA

To demonstrate U.S. opposition to apartheid and to support peaceful change toward racial justice, the United States has imposed restraints on relations with South Africa. Arms sales to South Africa have been embargoed since 1963, and in 1977, the United States joined the United Nations in imposing a mandatory arms embargo on South Africa. In February 1978, the U.S. Government issued regulations (in compliance with, but going beyond, a UN Security Council resolution) to prohibit exports destined for the South African military, police, or apartheid-enforcing agencies. These were revised in early 1982 to streamline enforceability and to limit the categories of goods under prohibition. The United States continues to observe the arms embargo in compliance with UN Security Council resolutions.

Elements of the policy also include a 1967 determination not to subject U.S. sailors to apartheid policy through U.S. use of South Africa's port facilities and, in commerce, a prohibition on direct Eximbank loans to finance U.S. sales to South Africa. Eximbank activity in South Africa was restricted further in 1978 by a law allowing the extension of guarantees and credit insurance only to those private firms in South Africa that can demonstrate progress in eliminating racial discrimination in their companies.

The United States has continued to demonstrate its opposition to apartheid by refusing to recognize the independence of Transkei, Bophuthatswana, Venda, and Ciskei and by publicly stating that it will not recognize the independence of any of the South African homelands. The United States opposes the homeland policy because it forcibly ex-

patriates many South African-born blacks, and because it is a logical extension of separate development, a policy with which the United States strongly disagrees.

In addition to these restraints, the U.S. Government has sought to use its influence to encourage a peaceful evolution in South Africa toward government with the consent by all of the governed, regardless of race. The United States has sought to maintain contact with leaders of all South African racial groups. In recognition of efforts by South Africans of all races to move away from apartheid and effect peaceful reform, the Reagan Administration has implemented a policy that seeks to promote peaceful change in South Africa through dialogue and encouragement of positive measures to alleviate discrimination. Progress toward achievement of an internationally recognized settlement in Namibia has been made, and the United States regards the new constitution as recognition by white South Africans of the need to open participation in government to other races. However, U.S. policy refrains from dictating any formula, simply advising that whatever formula is ultimately devised must rest on the consent of all the governed.

The United States also recognizes the important strategic role played by South Africa, both geographically and as a principal noncommunist supplier of defense-related minerals. In the framework of this policy, the United States has moved to restore earlier levels of military attaché exchanges and to provide assistance to legally disadvantaged South Africans in the fields of education, business, and labor.

Principal U.S. Officials

Ambassador—Herman W. Nickel
Deputy Chief of Mission and Minister-Counselor—Walter E. Stadtler
Economic Counselor—Roderick M. Wright
Political Counselor—Timothy M. Carney
Public Affairs Officer—Robert R. Gosende
Defense Attache—Col. Jerry W. Osgood
Administrative Counselor—Gerald S. Rose
Agricultural Attache—Guy L. Haviländ
Consul General, Cape Town—Richard E. Scissors
Consul General, Durban—Harold W. Geisel
Consul General, Johannesburg—Kenneth L. Brown

The U.S. Embassy in Pretoria is located at 225 Pretorius Street (tel. 28-4266); the Consulate General in Cape Town, 4th floor, Broadway Industrial Centre, Heerengracht (tel. 21-4280); in Durban, 29th floor, Durban Bay House, 333 Smith Street (tel. 304-4737), and in Johannesburg, 11th floor, Kine Center, Corner of Commissioner and Kruis Streets (331-1681).

¹In 1977, the American civil rights activist and corporation executive introduced the Sullivan code, which encourages American companies in South Africa and South African firms to reduce apartheid in the work place.
Taken from the *Background Notes* of May 1985, published by the Bureau of Public Affairs, Department of State. Editor: Juanita Adams. ■

U.S. Ambassador to South Africa



Herman W. Nickel was born October 23, 1928, in Berlin, Germany. He graduated from Union College (1951) and from Syracuse University College of Law (1956). He became a naturalized U.S. citizen in 1958.

Mr. Nickel was a political reporter with the U.S. High Commission in Berlin (1951-53) and in 1956 was an escort-interpreter with the Department of State. In 1956-58, he was head of the research unit of the Foreign Policy Association in New York City.

head of the research unit of the Foreign Policy Association in New York City.

He joined Time, Inc. in 1958, serving as correspondent, Washington Bureau (1958), correspondent, London Bureau (1958-61), Africa correspondent, based in Johannesburg, South Africa (1961-62), correspondent, Bonn Bureau (1962-66), Bonn Bureau Chief (1966-69), senior diplomatic correspondent, Washington Bureau (1969-71), Tokyo Bureau Chief (1971-74), London Bureau Chief (1974-77), and member of the Board of Editors of *Fortune* magazine (1977-81).

He was sworn in as U.S. Ambassador to the Republic of South Africa on April 6, 1982. ■

Gorbachev's Next 100 Days

by Edward L. Rowny

Address before the Comstock Club's national security affairs symposium in Sacramento on July 19, 1985. Ambassador Rowny is special adviser to the President and the Secretary of State on arms control matters.

Mikhail Gorbachev faces a golden opportunity over the next 100 days. Gorbachev himself has recently said the Soviet Union is now at a turning point. Whereas he used the first 100 days of his position as General Secretary to begin solidifying his power base, he could put the time between now and his meeting with President Reagan in Geneva on November 19-21 to good use. His actions could profoundly effect the stability of U.S.-Soviet relations and further the cause of world peace.

But, even now, it appears that his power base is sufficiently consolidated so that he could, if he chooses to do so, take a more serious approach to the Soviet position on arms control. We can be certain that he will continue to solidify his power base, a process which could take—even at the swift speed with which he is moving—until the 27th Party Congress in February to complete.

While Gorbachev may want to become serious about arms control, bringing about changes in the Soviet Union's past and current positions may not be as easy as many Westerners believe. Even when a Soviet leader has a consolidated power base, changes are not easily or quickly accomplished under the Soviet system. At the present time, it may be even more difficult for changes to occur since the Politburo contains a still significant minority of Brezhnevites who have vested interest in continuing past Soviet policies. Even the younger members Gorbachev has brought into the Politburo are creatures of the Soviet system and know that the Soviet Union needs to demonstrate a continuity in foreign policy and arms control. Major policy changes, whether they be related to external or internal matters, must be made slowly under the Soviet system of government. Even if changes are recognized to be in the best interests of the Soviet Union—for example, reshaping their industry and economy—they can be expected to take years to bring about.

What we in the West sometimes forget is that showing continuity fits the mold of the Soviet way of doing things, a mold which they inherited from Russian leaders of earlier times. Those who brought Gorbachev into power may have recognized that internal reform and change were absolute necessities if the Soviet Union is to keep pace in the modern age. They may also have realized that such changes can be best brought about in a climate of relative international calm and relaxation of tensions. A period of relaxed tensions would not only permit the Soviets to turn their major energies inward but could also allow them to gain economic and technological assistance to facilitate bringing these internal changes to fruition.

Security and Arms Control

The West in general and the United States in particular are not only willing but anxious for a relaxation of tensions. Gorbachev is in a unique position to bring this about. As General Secretary, he is in a position to effect changes, both short- and long-term, in Soviet foreign policy to make this relaxation of tensions a reality. Only in this environment can the arms control process flourish. However, Gorbachev will have to decide to make changes in their basic thrust, their outlook and goals throughout the world in order to cement these arms control agreements to make them a longlasting foundation for mutual security.

It would be shortsighted, however, for us to believe that arms control agreements could, in the longer run, serve our interests—or for that matter even survive—unless our overall relationship with the Soviet Union improved. In fact, it would be detrimental to our longer run objectives if arms control agreements were to lull us into a false sense of security that such fundamental changes were not necessary.

If there can be movement toward arms control agreements that serve our own security interests, we should, of course, try to bring such agreements about, all the while trying to improve our overall relationship with the Soviet Union. Indeed, the United States has designed its arms control positions so that not only the security interests of

the United States are served but also those of the Soviet Union.

In the United States, arms control is perceived as the most important element of our policy with respect to the Soviet Union and is closely scrutinized by the public. In contrast, Soviet arms control policy is not an area that must be justified to its citizens or subject to public pressure. The Soviet leadership could, if it chooses to, allow movement to occur toward an arms control agreement.

Bilateral Issues

Though arms control is, indeed, central to the relationship, there exists a whole host of issues that constitute our bilateral relations with the Soviet Union.

First, there are many important regional issues such as Soviet direct intervention into Afghanistan and Soviet support of governments in Africa, Cambodia, and Central America.

Second, there are important differences between us over human rights, an area in which we have great interest as a champion of freedom and dignity everywhere.

Finally, there are issues of investment, trade, and technology transfer. However, as alluded to earlier, this last area is of particular importance to the Soviets in this age of rapid technological advancements. They recognize that there is an alternative to pursuing the less-assured route of stealing or buying technological secrets from the West. In the longer run, their technology could benefit from a climate of cooperation and improved relations with us.

General Secretary Gorbachev currently has an opportunity to take steps to improve U.S.-Soviet bilateral relations. President Reagan has provided this opportunity—and further incentive—by saying he will “go the extra mile” and will show patience and restraint toward the disappointing Soviet arms control policies. This was reflected in his June 10th decision to continue not to undercut the SALT agreements. In doing so, President Reagan has sent Gorbachev a message. The message is that the Soviets must stop cheating on existing agreements

ARMS CONTROL

and must actively pursue arms reduction agreements at the negotiating table in Geneva. In essence, this message to Gorbachev says: "Here is an opportunity; you can come back into compliance with existing agreements and join us in reducing strategic offensive arms and reducing the risk of nuclear war."

At the same time, President Reagan instructed Secretary [of Defense] Weinberger to study the impact of Soviet conduct on our deterrent and to recommend, by November 15th, those steps needed to augment our strategic modernization program in response to and as a hedge against the military consequences of those Soviet violations of existing arms agreements which the Soviets fail to correct. What we are saying in effect is: "Like you, we will continue to insure our national security. But we would prefer to do so at lower levels of offensive arms." This would make for a more stable world.

Gorbachev can bring about these changes—within the bounds of the Soviets' claim that they are still maintaining continuity in their approach to arms control. He holds the key to resuming a dialogue which, if allowed to develop, could result in sensible, workable, and verifiable agreements, whereby both we and the Soviets can further our mutual security interests at lower levels of strategic offensive arms on both sides.

However, we must guard against an overconfidence that such changes, even though they are sensible, will necessarily come about. We should, above all, not delude ourselves into thinking that unilateral concessions on our part will induce the Soviets to change. The Soviets have a long history of trying to influence Western publics with solutions which sound good to the uninitiated or to those who do not look beyond the simple psychological appeal of such proposals.

Examples of this are the recent Soviet calls for reductions of 20% or 25% in strategic offensive arms. By such proposals, the Soviets hope to create the illusion of reductions without actually expecting reductions. In recent news reports, we hear that the Soviet proposals have been changed to also call for reductions in warheads. Until very recently the Soviets focused on launchers. This SALT II standard—one of the major reasons why the SALT II treaty was fatally flawed—attempted to perpetuate the myth that it is somehow

launchers which matter. It is the missiles in those launchers—and even more specifically the warheads on these missiles—which can kill. For this reason, the proposals introduced by the United States from the first days in 1982 at the strategic arms reduction talks (START) specified that we reduce warheads. We have proposed that we and the Soviets make significant reductions so that we reduce the number of warheads by one-third, to a level of 5,000 on each side. Our proposals call for more serious cuts than ever proposed before by either the United States or the Soviet Union.

By way of contrast, whether the Soviet proposal to reduce launchers is by 25% or by 20%, depending on the baseline, the Soviets have said they want to end up at approximately 1,800 launchers. The "Catch-22" until now in their proposal is that the Soviets insist that they be permitted 10 warheads on each of their remaining missiles. Thus the Soviets could reduce their launchers by 20% or 25% and still be permitted upwards of 18,000 warheads on their remaining missiles. This is more than twice the 7,900 warheads the Soviets now possess.

Late in the round, the Soviets surfaced some concepts which could involve possible reductions in existing offensive nuclear arsenals. However, the method of aggregation proposed in these concepts seems one-sidedly to favor preservation of the Soviet Union's primary area of advantage, its near monopoly in prompt, hard target kill capability. Efforts by the U.S. delegation to elicit some precision about these concepts with regard to numbers, ceilings, rates of possible reduction, and the like also went essentially unanswered. In this regard, we are disappointed that the Soviet Union has been unable to deal in concrete terms and with hard numbers, even framed as overall negotiating goals.

The Soviets will, by virtue of their highly competitive nature and past success with their propaganda campaigns, be tempted to continue to tie their offers to demands that the United States give up research on defensive systems. Our research is taking place on defensive systems which we include under the term Strategic Defense Initiative (SDI). Moreover, the Soviets also have previously agreed that limiting research is unverifiable. Hence it cannot be subject to an effective agreement.

While the Soviets have been trying to limit such defensive research in the West, at the same time, comparable research in the Soviet Union is proceeding at full speed. What is little understood in the West is that the Soviets have been conducting research on advanced defensive systems for over 15 years. In fact, the Soviets have spent fully 50% of their strategic defense budget on defensive systems. They have the only operational antiballistic missile system—100 missiles—fully deployed. In addition, they have a huge air defense establishment amounting to about 10,000 surface-to-air missiles and about 4,000 interceptor aircraft, in contrast to a handful of surface-to-air missiles and about 250 interceptor aircraft in the United States. The Soviets, while attempting to thwart our antisatellite program, have the only deployed antisatellite system in existence today.

In the end, we can expect Gorbachev to do what he believes to be in the best interests of the Soviet Union. While the Soviets do not have a public constituency which calls for arms control agreements or a legislative branch which controls funds for defense programs, we, nevertheless, expect the Soviets will find it in their own self-interest to reduce the number and destructive power of their nuclear weapons. The more sophisticated elements of the Soviet leadership, and in particular their military leaders, realize that the Soviets' security interests, even as they define it, can be served at lower levels of strategic offensive weapons. All the more reason, therefore, for pointing out that now is the time for the Soviets to exhibit some genuine movement in Geneva.

Opportunities for the Reagan-Gorbachev Meeting

There will be increasing speculation, of course, about the meeting between President Reagan and General Secretary Gorbachev in Geneva this November. I will not add to that speculation. However, I think it would be a mistake to expect the meeting to produce a major arms control agreement. Our positions are still too far apart to make this a realistic possibility. But the meeting can give new impetus to negotiations over the entire range of U.S.-Soviet issues. It will provide the opportunity for our two leaders to discuss the key substantive issues

before us and to agree on an agenda for subsequent negotiation. If Mr. Gorbachev approaches the issues as seriously and constructively as the President will, then we can hope that the meeting will be an important step in moving us toward agreements which enhance both countries' security by reducing the high levels of offensive nuclear weapons.

Let me repeat for emphasis that the United States has provided the Soviets with an opportunity. President Reagan is going the extra mile by displaying restraint in connection with our "no undercut" policy. The Soviets are also well aware that our patience cannot be expected to last forever. In this connection, the Soviets know of President Reagan's direction to Secretary Weinberger to present him recommendations by November 15th as to those programs needed to augment our strategic modernization program.

It must be abundantly clear that the ball is in the Soviet court. President Reagan, in a truly statesmanlike way, announced on June 10th that the United States will continue for the time being to be patient, show restraint, and not to undercut existing SALT agreements. President Reagan has given General Secretary Gorbachev time to bring the Soviets back into compliance with the SALT agreements and the ABM Treaty and to begin bargaining seriously in Geneva. Let us earnestly hope that General Secretary Gorbachev will take advantage of this opportunity. ■

U.S.-China Nuclear Cooperation Agreement

Statements by Kenneth L. Adelman, Director of the Arms Control and Disarmament Agency (ACDA), Ambassador Richard T. Kennedy, U.S. permanent representative to the IAEA and special adviser to the Secretary of State on nonproliferation policy and nuclear energy affairs, and Paul D. Wolfowitz, Assistant Secretary for East Asian and Pacific Affairs, before the House Foreign Affairs Committee on July 31, 1985.¹

MR. ADELMAN

I am pleased to appear before this distinguished committee today to discuss the peaceful nuclear cooperation agreement between the United States and China—the first agreement with a nuclear-weapon state since the Nuclear Non-Proliferation Act.

Before addressing how this agreement advances important nonproliferation interests, I should place it into the broad picture of enhanced U.S.-Chinese consultations on arms control. This type of consultation followed on the heels of the President's April 1984 visit to China. Soon thereafter, in the summer of 1984, I led a delegation of American officials to Beijing to concentrate on arms control. The Chinese reciprocated by having their arms control experts come here just last month.

Nonproliferation has been a key topic in these discussions with the Chinese. I explained to the Chinese that nonproliferation is one of the highest U.S. priorities as well as the one area of arms control which has been perhaps the most successful. This agreement continues that record.

This committee has, of course, already received ACDA's Nuclear Proliferation Assessment Statement on the agreement, which we provided to the President prior to his approval of the agreement. The prime question before you now—as before the President on July 23—is: "Does this new agreement contribute to U.S. nonproliferation efforts?" I believe the answer is a resounding "yes." Why? Because our agreement with China helps ensure that they are part of the nonproliferation solution rather than part of the problem.

China's Nonproliferation Policy

During the 1960s and 1970s, China rejected nonproliferation norms. They actually portrayed proliferation in a favorable light by openly declaring that the spread of nuclear weapons around the globe would diminish the power of the United States and the Soviet Union and enhance the opportunities for revolution. China denied that a world of more nuclear-weapon states would enhance the risk of nuclear war.

China also undertook no international legal obligations and had no policy to require safeguards and other controls on its nuclear exports. This naturally quickened our concerns about Chinese actions that could help other countries acquire nuclear explosives. Clearly, herein lay the potential for great harm to global nonproliferation efforts in both word and deed. And, needless to tell this committee, words are exceedingly important in this realm. They affect the strength of the international norms and standards upon which nonproliferation ultimately rests.

Against this background, the United States opened talks on peaceful nuclear cooperation with China—first in 1981 and then more intensively in 1983—with ACDA participating in all stages of the negotiations.

After 2 years of negotiations, an agreement was initialed during President Reagan's visit to China. It then became necessary to engage in further discussions with China to clarify matters related to implementation of its nuclear policies. We did not want to proceed until we were completely satisfied. We were willing to wait as long as need be. These discussions concluded successfully at the end of June.

Over these past 2 years, the Chinese Government has taken a number of important nonproliferation steps.

First, it made a pledge that it does "not engage in nuclear proliferation" nor does it "help other countries develop nuclear weapons." The substance of this pledge has been reaffirmed several times by Chinese officials both abroad and within China. In fact, China's sixth National People's Congress made this policy a directive to all agencies of that large and complex

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government. As such, it constitutes a historic and positive change in China's policies. It helps bolster rather than break down those critical norms and standards that comprise the non-proliferation regime.

Second, in January 1984, China joined the over 100 members of the International Atomic Energy Agency (IAEA), which plays such a critical role in international nonproliferation efforts. This was a necessary step in China's evolution toward acceptance of the basic norms of nuclear supply.

Third, China adopted a policy of requiring IAEA safeguards on its nuclear exports to non-nuclear-weapon states. This, too, was a big plus. Not only could a supplier that did not accept this basic norm directly contribute to spreading uncontrolled nuclear equipment and material to potential nuclear-weapon states, it could also undermine the consensus of supplier countries that has been painstakingly constructed over the past decade.

Fourth, during our hours and hours of discussions, the Chinese have made it clear that they will implement their policies in a manner consistent with the basic nonproliferation practices we and others support so vigorously.

In the short span of 2 years, China has embraced nonproliferation policies and practices, which it had eschewed so vociferously for a quarter of a century. This clearly is a turnabout of historic significance in our efforts to prevent the spread of nuclear weapons. The Chinese are to be applauded for such a change of course.

We can take a measure of pride in this as well. For I believe that the lengthy discussions by the United States and other supplier nations with China, combined with the prospect of agreements for peaceful nuclear cooperation, contributed heavily to these Chinese actions.

Protecting U.S. Interests

We will, of course, watch Chinese practices closely to satisfy ourselves that China's actions are consistent with its words, with our expectations, and with our policies and laws. The Chinese know that. They know that nuclear cooperation with us rests on their strict adherence to basic nonproliferation practices discussed and clarified at such great length. The agreement before you rests on that foundation. It could rest on no other.

As presented in ACDA's Nuclear Proliferation Assessment Statement, all statutory requirements for such agreements have been fully met. Two issues that were subject to protracted negotiations are worth mentioning.

- The agreement before you contains a provision for "mutually acceptable arrangements for exchanges of information and visits" in connection with transfers under its terms. This was done to help ensure that all the agreement's provisions will be scrupulously honored. The specifics of visits and information exchanges will be worked out with the Chinese before any licenses are issued for nuclear exports. They will permit visits by U.S. personnel to sites in China wherever our material or equipment, subject to this agreement, is located.

- The second issue concerns the right of prior approval over reprocessing of spent fuel subject to the agreement. The agreement notes that neither party contemplates reprocessing such material. In fact, activities of this kind are not likely to become an issue in China for at least 15 years. While the language dealing with this issue does differ from that in other agreements, it is clear that China cannot reprocess without U.S. approval.

Other aspects of our assessment statement can be fully explained in response to your questions. Let me just add now that U.S. interests are fully protected. This agreement includes many written guarantees and controls to ensure that material, equipment, or technology supplied by the United States will not be misused.

If they are misused, or if China's nonproliferation policies do not live up to their pledges and to our expectations, we have clear recourse. We hope and expect that this agreement will lead to significant peaceful nuclear commerce with China—otherwise the President would not have sent it to you—but the agreement is only an umbrella agreement. That is, it permits, but does not require, the export of any nuclear items. Thus, if Chinese behavior ever became inconsistent with our understandings, we would suspend the licensing of exports. The Chinese know that.

Conclusion

China's recent nonproliferation steps are and will be critical to our mission of bolstering vital nonproliferation norms and standards. Our long talks with the

Chinese, as well as the prospects of civil nuclear cooperation with the United States and other suppliers, contributed to these major improvements in China's nonproliferation policies. Further, as I said, the agreement will enhance our efforts to cooperate to strengthen non-proliferation norms and actions.

Thus, I believe this agreement is fully in U.S. national interests. I trust that, after a thorough consideration of all the issues, you and the whole Congress will agree.

AMBASSADOR KENNEDY

I am pleased to have this opportunity to speak to you today on the proposed agreement between the United States and the People's Republic of China (P.R.C.) concerning the peaceful uses of nuclear energy. This agreement was signed in Washington on July 23. We believe this agreement is important to the interests of both countries and supportive of our shared nonproliferation objectives.

The agreement establishes the basis for cooperation in a variety of the peaceful applications of nuclear energy. It provides the basis for export of nuclear reactors, fuel, components, and the exchange of technology including cooperation in health, safety, and the environmental implications of the peaceful uses of nuclear energy. The agreement is not, however, a commitment to supply. Rather, it provides the legal framework within which nuclear cooperation may take place. Once the agreement enters into force, nuclear reactors, components, and nuclear fuel may be exported under licenses issued by the Nuclear Regulatory Commission, in accordance with existing law and regulations.

The agreement permits nuclear cooperation between the United States and China exclusively in the peaceful uses of nuclear energy. It contains reciprocal commitments by the United States and China that nuclear facilities and materials subject to the agreement will not be used for any nuclear explosive or military purpose. This guarantee, as well as other assurances and controls in the agreement, will help preserve the distinction between the civil and military use of nuclear energy. It is also important to stress that cooperation under the agreement is limited to nonsensitive aspects of the nuclear fuel cycle. It expressly excludes the transfer of any sensitive nuclear

technology such as enrichment or reprocessing. Nor does it in any way require that technology of strategic or military significance be transferred.

Provisions of the Agreement

I would now like to turn to a brief examination of the specific provisions of the agreement we have signed with the People's Republic of China. The text of the agreement and supporting documents developed during its review within the executive branch have been transmitted to the Congress by the President. The text, in most respects, does not differ significantly from new and renegotiated agreements for peaceful nuclear cooperation which we have concluded with other countries since enactment of the Nuclear Non-Proliferation Act of 1978 and which have been before Congress for review. The agreement with China fully meets all the requirements specified in Section 123 of the Atomic Energy Act of 1954, as amended, for nuclear cooperation agreements with nuclear-weapon states.

Specifically, section 123 requires that such agreements contain several guarantees by the cooperating partner.

The first guarantee is that no nuclear materials or equipment subject to the agreement will be used for any nuclear explosive device, for research on or development of any nuclear explosive device, or for any other military purpose. This requirement is met by article 5, paragraph 3, of the proposed agreement with the P.R.C.

The second guarantee required is that no nuclear material or equipment subject to the agreement will be transferred beyond the jurisdiction or control of the cooperating party without the agreement of the United States. This requirement is met by article 5, paragraph 1, of the agreement.

The third guarantee required is that adequate physical security will be maintained with respect to any nuclear material subject to the agreement. This requirement is met by article 6 of the agreement.

The fourth guarantee required is that no nuclear material subject to the agreement will be enriched, reprocessed, altered in form or content, or (in the case of weapons-usable materials) stored without the prior agreement of the United States. This requirement is met by article 5, paragraph 2, of the agreement.

The Chinese understood U.S. legal requirements, said they had no plans to undertake the activities in question, and were concerned that, in the event of possible future Chinese changes of plans, the United States would give a timely response. While the language that was negotiated is different from that appearing in other agreements, it provides that China may not engage in any of the specified activities without the agreement of the United States. If long-term arrangements are not agreed, it makes clear that each side will refrain from such activities if either side objects—i.e., until there is mutual agreement between the United States and the P.R.C. Both the United States and the P.R.C. understand this.

All of these guarantees are reciprocal in nature and would apply to Chinese exports to the United States. They are, in substance, identical to those in all our other post-1978 agreements. Unlike the other agreements concluded since 1978, however, this one is with a single nuclear-weapon state, as such states are defined in the Treaty on the Non-Proliferation of Nuclear Weapons (NPT). This agreement does not provide for International Atomic Energy Agency safeguards in the P.R.C. on nuclear material, equipment, or facilities subject to the agreement since they are not required for nuclear-weapon states by either the Atomic Energy Act or the NPT. But neither does the agreement foreclose such safeguards, were China to undertake a voluntary offer with the IAEA as the other nuclear-weapon states have done.

The agreement contains provisions for consultations, exchanges of information, and visits to the sites of materials, facilities, and components subject to the agreement. The agreement also provides for exchanges of views and information on each country's national accounting and control systems and consultations on physical protection measures. The purpose of these exchanges of visits and information is to ensure that the provisions of the agreement are effectively and openly carried out, including the provision that cooperation will be for exclusively peaceful purposes. Those provisions have the duration envisaged in Section 123(a)(1) of the Atomic Energy Act.

Benefits of the Agreement

There are very substantial benefits to be derived from this agreement. The agreement will lay the groundwork for strengthening economic ties between the

United States and China and create new opportunities for U.S. companies to participate in China's expanding energy sector. China has begun the development of a major nuclear power program to meet its growing energy needs. The Chinese view nuclear energy as playing a key role in China's industrial development and modernization program. U.S. firms are already involved in other energy projects in China to develop coal, oil, and other energy resources, and we believe that participating in a diversified and well-balanced energy program in China is supportive of U.S. interests.

A most important benefit of peaceful nuclear cooperation between the United States and China is the opportunity it provides for both countries to work together to prevent the spread of nuclear explosives. President Reagan has declared that the nonproliferation of nuclear weapons is a fundamental national security and foreign policy objective of the United States. This consideration was at the top of our agenda during our talks with the Chinese and will remain the paramount concern of the United States. Clearly, cooperation in the peaceful uses of nuclear energy must rest on a foundation of shared views and principles on the necessity of deterring the threat of nuclear proliferation.

Since negotiations began on the proposed agreement, China made significant new statements of its nonproliferation policy which show that China is opposed to the spread of nuclear explosives to additional countries. On January 10, 1984, at the White House, Premier Zhao stated:

China does not advocate nor encourage proliferation. We do not engage in proliferation ourselves, nor do we help other countries develop nuclear weapons.

Premier Zhao reiterated this statement in February in Beijing and at the sixth National People's Congress in May. The Premier's speech to the National People's Congress is the closest equivalent in China to a presidential "State of the Union" address. The statement was endorsed by the National People's Congress and published as official policy.

In January 1985, the official Chinese press published a statement by Vice Premier Li Peng that China has no present or future intention to help non-nuclear-weapon states develop nuclear weapons and that China's present or future cooperation with other countries

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is confined to peaceful purposes. The Chinese have made clear to us that when they say that they will not assist other countries to develop nuclear weapons, this also applies to all nuclear explosives. This is a basic Chinese policy which we believe will guide China's nuclear cooperation in the future.

China has also taken important steps to participate in international nonproliferation efforts. It joined the International Atomic Energy Agency in January 1984 and has stated that it requires the application of IAEA safeguards to nuclear exports to non-nuclear-weapon states. In adopting this policy, China is acting in accordance with existing international norms for nuclear trade.

As China undertakes nuclear cooperation with other countries and moves into international nuclear affairs, it is vital that we have a bilateral forum which allows us to work closely with China to maintain and strengthen the international nonproliferation regime. The agreement itself establishes a formal framework for consultations enabling regular exchanges of views and information on matters of mutual interest, including means to prevent the spread of nuclear explosives.

Our contacts with the Chinese have already demonstrated that they appreciate the importance we attach to nonproliferation. We are satisfied that the policies they have adopted are consistent with our own basic views. Formalizing our ties in the peaceful uses of nuclear energy through an agreement for cooperation will provide a means to advance our shared objectives.

We believe the agreement serves the national security and nonproliferation interests of the United States. We believe it deserves the full support of the Congress.

MR. WOLFOWITZ

It is a pleasure for me to join Secretary [of Energy John] Herrington, ACDA Director Adelman, and Ambassador Kennedy to discuss with you the U.S.-P.R.C. agreement on peaceful nuclear cooperation. In my prepared remarks, I would like to stress the importance of this agreement in our overall relationship with the P.R.C.

But first, a word about the road we traveled before the agreement was signed last week. Mr. Adelman's and Ambassador Kennedy's statements explain the importance of this agreement to our nonproliferation goals, and I do not want to go over the same ground.

But I would like to underscore that U.S. nonproliferation concerns were paramount in our negotiations with the Chinese on the agreement. The requirements of U.S. nonproliferation policy and law—and not other foreign policy considerations—were absolute determinants of the shape and content of the agreement which we initialed and signed and of the discussions related to it. Despite the importance we attach to our overall relationship, great though it is, we repeatedly emphasized to the Chinese that the relationship could in no way obviate the need to meet our nonproliferation requirements and the requirements of U.S. law.

Only when our nonproliferation concerns were met—concerns addressed in Mr. Adelman's and Ambassador Kennedy's testimony—were U.S. agencies able to move forward with a recommendation to the President that the agreement be signed. Over the past year and more, many people in our government worked hard on this issue. Discussions with the Chinese continued through diplomatic channels for many months prior to Ambassador Kennedy's June trip to Beijing.

The groundwork was completed during that June visit. But further inter-agency consultations here, reporting to the President, and the President's own decision to approve were required before the agreement could be signed. We were pleased that these procedures were completed in time for the Li visit, which offered a propitious occasion for a signing ceremony, but we were fully prepared to take more time if that had been necessary.

Now that U.S. Government concerns have been met and the agreement is signed and before Congress, let me turn to the question of what this agreement will mean for bilateral relations between the United States and China.

Implications for U.S.-China Relations

The first images that some in the United States might conjure up are those of pure economic gain for our side: billions of dollars in contracts; massive U.S. equipment exports; aid to the stricken American nuclear power industry; U.S. reactors for the city lights and factories of China.

There is a kernel of truth behind these somewhat exaggerated expectations, but I would submit that dreams of one-sided commercial gain do not constitute the most important positive

aspects of our cooperation with China in the peaceful uses of nuclear energy.

Yes, there will be opportunities for American companies to compete for nuclear power business in China. The market is there, and European and Japanese competitors are already active in it. China will look to the outside primarily for assistance in building up its indigenous nuclear power plant manufacturing industry. Over the long run, more than anything, China will want to import technology, modern management methods, and old-fashioned engineering know-how. In these areas—which are vitally important for the safety and efficiency of reactor operation—U.S. companies have a wealth of experience and flexibility, which puts them in a strong competitive position.

Also, there is no doubt that in the first stages of China's nuclear power program—in which three or four nuclear plants will be built, including five to seven reactors—the Chinese industry will want to make major equipment imports. A nuclear cooperation agreement will have to be in force before U.S. companies can apply to the Nuclear Regulatory Commission to ship major reactor components to China.

But beyond its implications for the sale of discrete pieces of equipment for nuclear power reactors in China, the agreement can fill a gap in our relationship with the P.R.C. Once in force, it will become an important support of a general framework of cooperation with China. If we fail to bring it into force, the framework will be that much less coherent and that gap—which you could label "nonproliferation objectives and peaceful cooperation in nuclear energy"—will remain open.

For the past several years, under both Democratic and Republican administrations, the United States has worked to strengthen and broaden political and economic ties with the P.R.C. Seeing a modernizing China as a potential force for peace and stability in East Asia, the United States is committed to assisting China's ongoing modernization effort. The President and other Administration leaders have recognized that, while we and China have our differences, we consider China a friendly country. While not a U.S. ally, neither is China allied with any other power, and it shares some important concerns with us. Holding this basic view of China's position in the world, the United States has sought to regularize our relations.

In areas such as trade, investment, finance, civil aviation, and scientific,

technological, and industrial cooperation—to name a few—we have sought to establish a framework of agreements and arrangements consistent with the generally good relations we and China enjoy. In setting up this framework, we and the Chinese have learned a great deal about each other's political and economic systems. Our bilateral agreements offer mutual benefits and mutual obligations. They have been a measure of China's interest in strengthening its ties with us and a test of our commitment to China's modernization.

We think the framework we have built up has not only benefited our bilateral relations but also encouraged China to be a more constructive player in the international arena. From another viewpoint, China's own push to open its economy and society to the outside world after years of isolationism has been an impetus for U.S.-P.R.C. bilateral cooperation. Whatever one's point of view, I think it's fair to say that our framework of cooperation with China and China's opening to the outside are mutually reinforcing and mutually beneficial.

Within the context I've described, the nuclear cooperation agreement will reinforce the Sino-U.S. relationship by furthering both our nonproliferation goals and our cooperation in peaceful uses of nuclear energy. We in the Administration think it is an important agreement—one that deserves the support of the Congress.

To sum up, bringing the present agreement into force will:

- Allow us to maintain constructive consultations with the P.R.C. on non-proliferation issues;
- Give U.S. firms the opportunity to make a significant contribution to the development of China's civil nuclear power industry; and
- Reinforce the overall framework of our relationship with the P.R.C.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Recent Security Developments in Korea

by Paul D. Wolfowitz

Address before the Council on U.S.-Korean Military and Security Studies in Arlington, Va., on August 12, 1985. Mr. Wolfowitz is Assistant Secretary for East Asian and Pacific Affairs.

I am delighted to be able to talk about the subject of Korean security, because, in fact, the U.S. commitment to the security of the Republic of Korea (R.O.K.) lies at the very heart of our bilateral relationship. For 32 years our commitment and the great efforts of our South Korean allies have deterred war. President Reagan recognizes the fundamental nature of the security commitment and reaffirmed it immediately upon his assumption of office. He has emphasized it repeatedly and, most dramatically, when in November 1983, he visited the northernmost outposts of UN forces along the DMZ [demilitarized zone] to offer encouragement to the U.S. and Korean troops there.

Security developments on the Korean Peninsula are of global import since the security interests of the Soviet Union, China, and the United States, as well as Japan, are all affected. An outbreak of conflict there has the potential to ignite a confrontation between the major regional powers. The division of the peninsula and the level of tension between North and South have been among the more intractable problems of this century and, certainly, of the postwar era.

Continuing Concerns About Security

There are two very good reasons for a continuing preoccupation with security—one, I suppose, one could derive from the past and the second that derives from the present.

Let me speak about the past for a moment and the first reason. It was just over 35 years ago that North Korea invaded the South, starting a terrible war that killed tens of thousands of my countrymen and even larger numbers of Koreans. We do not want to fight such a war again, but we know that prevention is the only remedy. The flirtation of the mid-1970s with withdrawal as a way

of avoiding problems is something that we have put behind us. We all realize—and certainly history ought to teach those who do not understand it—that a war in Korea is not something the United States can stand away from or stand apart from. Therefore, it is all the more important that we make it clear what our commitment is and that we do everything that we possibly can to deter such a war.

To turn, then, also to the present and the other reason for such a continuing concern about security in the Korean Peninsula, there is the fact that we face in Korea one of the most potentially severe imbalances in military power anywhere in the world. People who talk with concern about it are not being unduly alarmist. It is an extremely serious and potentially unsettling situation.

I think you all are pretty familiar with basic facts, but let me rehearse them for a moment anyway.

The North has about 700,000 men under arms, compared with about 540,000 in the South. But those numbers of men under arms really do not state the balance adequately. It is a good deal more seriously to the disadvantage of ourselves and our South Korean allies. North Korean forces are well-equipped and have a substantial advantage (at least 2 to 1) in several key categories of offensive weaponry, including such critical ones to an offensive as tanks, long-range artillery, and armored personnel carriers. Perhaps even more disturbing, the North has perhaps the world's largest commando force, designed for insertion behind the lines in time of war.

North Korea has more than twice as many combat aircraft than the South, though, of course, that is one of the important categories the South looks to us to make up in time of war. In fact, on that point, I can say that even with the recent introduction of MiG-23s into North Korea by the Soviet Union, combined U.S.-Korean forces will maintain a qualitative edge, particularly as South Korea begins receiving F-16s from the United States next year.

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In addition to the size and capabilities of the North Korean Armed Forces, the challenge they pose is compounded by factors of time and distance. The bulk of North Korean forces are deployed well forward, along the DMZ, and recently North Korea has begun to move even more of its rear echelon troops to hardened bunkers much closer to the DMZ. This makes prediction and warning of an impending attack more difficult, and with Seoul about as close to the DMZ as Washington is to Dulles Airport, an attack from the North could come with very little warning indeed.

We have seen from what North Korea has done in Rangoon what North Korea is capable of. We have continuing evidence, including North Korea's continued refusal to adhere to the Nuclear Nonproliferation Treaty, of intentions that, at the very least, are deeply disturbing.

South Korean Progress and the U.S. Security Commitment

If I say that we should be preoccupied with the issue of security, and I am frank to admit it, I do not believe that means we are indifferent to other concerns or that we are putting security ahead of the basic interests of the people of Korea, interests that they have in common with us, and really with all people, for a better life and a freer life.

But, in fact, in addition to helping to deter war, American forces in Korea act as a shield, a shield behind which South Koreans have made tremendous economic progress. From a per capita GNP of less than \$90 in 1960 to more than \$2,000 today, the Korean economy has been able to provide an increasingly high standard of living for all Koreans, despite the necessity of devoting roughly 6% of national GNP to defense expenditures.

Today, in 1 year—and this is a success story that I like to tell the Congress about—our exports to Korea exceed the total of U.S. economic assistance to that country during the entire 36-year period that we were giving aid. That is quite a staggering record. It has made Korea now our seventh largest trading partner and a major producer of steel, ships, and electronic goods.

And I suppose on this day, when some of my colleagues are looking at the recommendations of the International Trade Commission, I should add shoes and several other things as well—

subjects that, of course, are the sources of problems and frictions between us as well. But those problems—and when they come up, let us remember this fact—those problems are the products of success. It is far, far better to be dealing with difficult issues about shoes and steel than not to be trading at all.

In an area that, to me personally, is even more important, our security commitment to Korea is also a shield behind which Koreans can achieve a more consensual, a freer, and a more democratic political life. Democracy is itself a vital aspect of security. Indeed, I believe that evolution toward true democracy is not only compatible with security but is essential to its realization. During President Reagan's visit to Korea in 1983, he told the National Assembly and a live Korean television audience: "The development of democratic political institutions is the surest means to build the national consensus that is the foundation of true security."

An essential aspect of democracy is the peaceful transition of power. As President Reagan also stated during that visit to Seoul and again during President Chun's visit to Washington in April, we strongly support President Chun's pledge to achieve a peaceful transfer of power at the end of his term in 1988.

We were also encouraged by political progress made in Korea in 1984 and the first part of this year. Most prisoners in politically related cases were released. A new policy of "campus autonomy" was announced, allowing students greater freedom of expression on campus. The political ban was lifted, and a new, more outspoken political party was formed that contested the National Assembly election in February this year—elections that, without any question, were the freest, most strongly contested in postwar Korean history and that, in many places in Asia, would be a model to be emulated. In that election, this new opposition party, in fact, succeeded in becoming Korea's largest opposition party.

Partly as a consequence of this greater freedom, a strident criticism of existing policies developed. Our efforts, as the U.S. Government, have been to encourage both government and opposition in Korea to engage in dialogue and to act with moderation toward one another, in order to help ensure the internal stability upon which the South's security depends—and, in fact, upon

which progress toward democracy depends as well. We are averse to all acts that tend to cut off dialogue or to polarize views. Despite some recent government steps that we feel are somewhat at variance with the real progress that has been made, we remain confident that Koreans and the Korean Government will continue upon the path they have embarked, to the benefit not only of democracy in Korea but, in fact, to the benefit of security on the peninsula and the interests of the United States in the process.

In fact, the concern of this conference, the concern with security, is one that is enormously aided by the economic and political progress that Korea has made, and it is something that will be enormously aided by the continuation of that progress. The fact is that, today, spending only 6% of its GNP on defense, South Korea is very close to having available the budgetary resources that North Korea—with its extraordinary percentage of GNP devoted to defense—is able to muster. South Korea's GNP has now reached roughly four times that of the North.

That does not mean the millenium has arrived. It does not mean, as I have had to explain, unfortunately, to some congressmen on the Hill, that we can now withdraw troops from Korea because we have reached "budgetary balance" and that is all that matters. It is going to be many years, at best, before the military balance on the peninsula is redressed. And even then, the United States will have a continuing interest not simply in maintaining balance but in maintaining deterrence.

Nevertheless, this economic progress is something that is very heartening and encouraging. It means that—at least in this case and as, I think, is increasingly emerging in quite a few others—history is on our side, not on the side of the Marxist-Leninist regimes that have proven to be such failures. But in order to make history work with us, we have to stay the course. And in my view, for U.S. policy, that means not presuming too much too quickly.

I am confident that the R.O.K. will continue gradually to redress the military imbalance with the North. In the meantime, our commitment to the R.O.K. will continue to help guarantee deterrence. What we would like to see, however, is that this arms competition between North and South might eventually be replaced by peaceful competition, by the exchange of goods and

ideas. That day is a long way off still, but it is a day from which the people of both North and South Korea would benefit, and the world itself would be a safer place.

Thus, in recent years we have made, through the UN Command, a number of proposals for confidence-building measures at the Military Armistice Commission at Panmunjom. These include proposals for mutual notification of military exercises, proposals to exchange observers during exercises, and proposals for an increased role for the Neutral Nations Supervisory Committee. We even have a proposal, and I suppose it is only in a context as strained as the one you are all familiar with at the DMZ that you could make such a proposal—we even have proposed demilitarizing the demilitarized zone.

Unfortunately, North Korea has not responded to these proposals. I would note, however, that just last month North Korea did put forward at the Military Armistice Commission certain proposals concerning new security arrangements for the Joint Security Area. Those proposals are being given careful and serious study by the authorities both here and in South Korea. Meanwhile, our proposals remain on the table, and we continue to await a serious North Korean response.

The U.S. Government has long encouraged direct dialogue between the two parties most concerned here—North and South Korea. We have welcomed the resumption of direct dialogue that began last fall. I believe that even most experts were somewhat surprised at the resumption of the talks, and certainly the multiplicity of talks—on economic matters, family reunification, possible cultural and parliamentary exchanges—is unprecedented. Some people, I think, are unduly tempted to optimism because of this and because of recent domestic and geopolitical developments that have created a situation that is, in many respects, quite different from that of a decade ago.

But all who have followed Korean affairs know that caution in dealing with North Korea is essential. North Korea has used dialogue in the past to create the illusion of reasonableness while plotting acts of the most profound perfidiousness. Our intelligence about that most closed society and its intentions remains limited in the extreme. The challenge, given this history but also given the vital importance of deterring

war and reducing tensions in Korea, is to deal cautiously but creatively with the North rather than instinctively. And I might say that I believe South Korea has handled its diplomacy in this very delicate area with a great deal of statesmanship and agility in the last 2 years, all the more so in view of the atrocity in Rangoon that immediately preceded this period.

Recent Changes Affecting Security

It might be useful here to discuss some of the changes both in and outside the Korean Peninsula in the last decade or so that have affected the security situation and that have some bearing on the North-South talks that are now underway.

In recent years the Republic of Korea has truly emerged as a middle power in the region, and its growing confidence is reflected in its increasing international role and stature. At the same time, I believe that President Reagan's reaffirmation of the U.S. security commitment to Korea and, indeed, of the U.S. role in Asia more broadly, as well as improved Korean ties with Japan, have added to South Korea's confidence in dealing with the North.

Meanwhile, the Soviet Union and China in very different ways have indicated a willingness to deal with South Korea in international contexts. China has allowed South Koreans to participate in international conferences and sports events in China and has itself sent representatives to such events in South Korea. Some limited contact at international events between the Soviet Union and South Korea has begun, after a hiatus following the shoot-down of KAL [Korean Air Lines] 007 in 1983.

We believe that neither China nor the Soviet Union wants to see another outbreak of war in Korea, which could serve as a flashpoint igniting a larger conflict. In the past few years, China, particularly, has shown a new willingness to engage in a serious dialogue with us about the Korean Peninsula and about the need to reduce tensions there. While China still endorses North Korean proposals and positions, we believe that it also encourages Pyongyang to carry on in the dialogue with Seoul and to concentrate on improving its economic performance.

Nevertheless, we have to put a qualification on all of this, if no more than to say—and this is quite a qualification—that the competition and rivalry between China and the Soviet Union for influence in the North more often than not seems to be a prevailing if not controlling factor in their conduct and in their policy.

Regional geopolitical factors may play a role in the overall security situation, but North and South Korea themselves are the key to this story, a point that we have made repeatedly. Some significant changes have occurred in both countries that affect security and that may also have played a role in the opening of the current dialogue, particularly changes in the South.

In the South, the Republic of Korea has every reason to want dialogue with the North and to feel confident in pursuing it. The R.O.K.'s economic growth, export oriented and based on free market mechanisms, has been phenomenal. Militarily, South Korea maintains extremely capable armed forces and has a firm security commitment from my country. It has diplomatic relations with over 120 countries and is a member of almost all specialized agencies of the United Nations. A most dramatic illustration of the South's growing international stature was the selection of Seoul as the site of the 1988 Olympics. All in all, it is a picture of great success of which the R.O.K., its government, and its people can be proud.

While economic success is one of the factors contributing to South Korean confidence in approaching North-South talks, ironically it may be—and I underline that word "may"—several times—it may be that it is economic crisis that is forcing the North to seek new approaches. As I said already, our knowledge concerning internal developments in North Korea is extremely limited. However, there is no question that country is suffering severe economic stagnation; there are indications that its GNP actually may have declined in the last 5 years. North Korea remains unable to repay its rather limited foreign debts, after defaulting on them a decade ago. Bottlenecks and chronic shortages stemming from the inefficiencies of a centralized command economy bedevil all attempts at solving the North's economic problems.

The gap between the standard of living in Pyongyang and in the countryside appears to be severe. The North's

expenditure of more than 20% of its GNP on the military makes most of the consumer goods widely enjoyed by South Koreans an impossible luxury for all but the most privileged—and we know who the most privileged are—in the North.

There are indications that North Korea has shown an interest in China's new economic policies. North Korean officials have paid numerous visits, for example, to China's free trade zones, and North Korea's new joint ventures law is apparently patterned after that of China. It may be that the North's interest in economic talks with the South, which is unprecedented, reflects in some measure this groping for new economic solutions. The North may believe that by improving relations with the South, at least to some degree, it may be able to persuade Western nations to provide the technology, trade, and investment that it hopes for and needs.

Another reason possibly motivating North Korea is a new interest in improving its international image. Never good, it was virtually discredited by the 1983 Rangoon bombing, an atrocity of incredible scale and audacity perpetrated by North Korean commandos—one that killed 17 Korean Government officials (including a man that I would have been proud to claim as a good friend, former Foreign Minister Lee Bum-suk) and missed President Chun himself only by chance. That has undoubtedly led to even greater diplomatic isolation for the North. And it may, indeed, be that one

of its motives is to try to break out of that isolation.

However, I think we have to recognize—given the extremely closed nature of North Korea—we have to accept that we cannot judge it by its intentions. Only its actions really provide legitimate clues. Little that has come of the talks so far is inconsistent with the most skeptical and fundamental interpretation of North Korean motivations. That is that they are, perhaps, engaged in an effort—perhaps reinforced by their failure to achieve a withdrawal of American troops through American weakness—perhaps an effort to encourage a premature and unwarranted relaxation of vigilance and to encourage divisions between the United States and our allies in South Korea.

We will not allow that to happen. On the other hand, we will pursue these talks in a serious vein. The slow progress we have seen may simply reflect a very prudent approach by both sides to a very difficult negotiation. The distrust of 35 years will not be overcome by a few handshakes and a few smiles. A habit of talking out differences, essential differences, must still be formed. Mutual confidence must be nurtured, not just by words but by deeds. But fundamentally, we are encouraged that direct dialogue between North and South is taking place, and we will continue to welcome and to support our South Korean ally in that process.

Conclusion

Let me just conclude by saying that I believe that the net effect of the various developments I have described this evening represents a considerable increase in South Korea's security. Compared to a decade ago, the R.O.K. has stronger armed forces, a firmer U.S. security commitment, an enhanced diplomatic presence, and greater stature throughout the world.

Internally, the Republic of Korea has made great economic progress and is committed to democratic development, including a peaceful transfer of power in 1988. Moreover, North and South Korea are now engaged in direct talks. Though that dialogue has yet to produce concrete results, the very fact of its existence and its continuation is significant. Security is necessarily linked to the level of tension and real threat, and we believe that the key to reducing tensions lies in a step-by-step building of confidence through direct dialogue and concrete actions by North and South Korea.

Until that process reaches some utopian conclusion, and that is a long way away, the Korean Peninsula will remain a hotspot, and continued vigilance—and continued efforts in all these fields—is a vital necessity. As I noted at the beginning, I am very optimistic about the future of South Korea and about the future of U.S.-Korean relations. As the Republic of Korea continues its efforts in all these fields, it can count on the close friendship and support of the United States. ■

Improved Market Access to Japan

by Clayton Yeutter

Address before the Foreign Correspondents Club in Tokyo on August 13, 1985. Ambassador Yeutter is U.S. Trade Representative.

It's a pleasure to be here in Japan for my first major overseas trip since becoming U.S. Trade Representative on July 1. I have been hoping that my first major speech outside the United States would be in Japan. Thanks to the kind invitation of the Foreign Correspondents Club, that hope is now being realized. I have visited Japan many times in the past. Each visit has provided the opportunity to make more new friends. I have great respect and affection for this country, which has accomplished so much with so few physical resources. That is a great tribute, of course, to its human resources.

Today I would like to address my remarks to the people of Japan as a friend of Japan at a pivotal time in our relationship. Trade between our two nations does not concern just our government and yours, our businesses and your businesses. It concerns all of us—all Americans and all Japanese. It is in all of our interests to foster a fair, open, and efficient world trading system. For the United States, growth in world trade is indispensable to a continued rise in our living standards through increased efficiency and expanded consumer choice.

For Japan, exporting has been the key to an economic revival such as the modern world has never seen. An open world trading system is essential for you to have access to raw materials and to earn foreign exchange. Increasing world trade also provides the best chance for progress by developing nations, and an integrated world economy can be a powerful force for peace.

Yet, the world trading system is beset by serious problems. Increasingly, countries are resorting to unfair export subsidies and nontariff import barriers in an attempt to get the upper hand on their trading partners. If we allow such impulses to continue to grow globally, all of us will end up suffering, because world trade ultimately will decrease.

Need for New Trade Negotiations

That's why Japan and the United States have taken a strong leadership role in calling for a new round of multilateral negotiations under the General Agreement on Tariffs and Trade (GATT).

The GATT system has permitted a major expansion of world trade through the mutual reduction of trade barriers, to the benefit of all trading countries, over the past 37 years. Its success is based on a framework of rules and commitments that up to now have been widely accepted as being fair.

Six years have now elapsed since the end of the last round of trade negotiations. In the intervening period, world trade has been buffeted by severe economic problems—a deep worldwide recession, crushing debt burdens, volatile exchange rate movements, and a growth in trade restrictions to deal with payments problems.

Many GATT rules have fallen into disuse or abuse, and trade barriers have been rising as one country after another has taken actions outside of the existing rules in an attempt to solve its grave economic problems. What is remarkable under the circumstances is that the world has not resorted to much greater protectionism than has been the case. But what is also clear is that the core of the multilateral trading system—the GATT—is in urgent need of repair.

There is both old business, required to improve and strengthen existing provisions, and new business, to extend the GATT to new areas and to deal with new problems affecting world trade.

If we do not take firm action soon to strengthen GATT rules and to expand the GATT to new areas, we risk a deterioration in the world trading system of phenomenal proportions. If the GATT is allowed to become ineffective and irrelevant, protectionism will rise in waves and our world trading system will be obliterated.

I'm confident that, by working together, we can prevent this from happening. Japan's leadership in advocating a new round of multilateral negotiations is a crucial and welcome factor in preserving that system for all of us.

Exposure to Foreign Competition

By its impressive economic development, which has earned the world's admiration, Japan has achieved the strength and the credibility to play a major leadership role in the global trading community. With a determined national effort, you have become the second most important economic power in the Western world.

As Japan developed its modern economy, you saved with fervor, and that helped provide the capital to fuel your growth. You innovated, and your management techniques and people skills

U.S. Trade Representative



Clayton Yeutter was born Dec. 10, 1930, in Eustis, Neb. He received a B.S. (1952), a J.D. degree (1963), and a Ph.D. in agricultural economics (1966), all from the University of Nebraska. He served in the U.S. Air Force on active duty in

1952-57 and in the active reserve until 1977. He is presently a Lt. Col. in the inactive reserve.

From 1957 to 1975, Ambassador Yeutter operated a 2,500-acre farming-ranching-cattle feeding enterprise in central Nebraska, and during 1963-68, as other obligations permitted, he practiced law in Lincoln.

He was on the faculty at the University of Nebraska (1960-66), served as executive

assistant to the Governor of Nebraska (1966-68), director of the University of Nebraska's agricultural technical assistance program in Colombia (1968-70), Administrator of the U.S. Department of Agriculture's Consumer and Marketing Service (1970-71), regional director for the Committee for the Reelection of the President (1972), Assistant Secretary of Agriculture for Marketing and Consumer Services (1973-74), Assistant Secretary of Agriculture for International Affairs and Commodity Programs (1974-75), Deputy Special Trade Representative (1975-77), senior partner of the law firm of Nelson, Harding, Yeutter and Leonard in Lincoln (1977-78), and President and Chief Executive Officer of the Chicago Mercantile Exchange (1978-85).

Ambassador Yeutter was sworn in as U.S. Trade Representative on July 1, 1985. ■

ECONOMICS

are now admired and emulated throughout the world. And you learned the importance of quality products, probably better than anyone.

You also protected your fledgling industries from foreign competition, giving them a chance to flourish into world-class export competitors. You actively constrained imports while vigorously expanding exports.

Now it's time for Japan to take the next step toward full economic partnership in the family of nations. You must fully expose your economy to foreign competition, just as you have asked other nations to expose their industries to competition from Japanese firms. As the U.S. recovery of the past 2½ years has strengthened the economies of our trading partners and helped pull them out of economic lethargy, Japan too has the capacity to lift other economies and

help sustain global trade growth. In these difficult times, we may even have a moral obligation to do so.

That means many of the trade barriers erected to protect your infant economy as it developed must come down. Your economy now is mature, and your "infant" industries are no longer in need of protection.

You have recognized this need to begin to erase your trade barriers. That is evidenced by your series of market opening measures, announced over the past 2 or 3 years. But announcements are not enough. Implementation is the key, and that calls for followup, not only by your government but also by your importers and foreign exporters. Results are the ultimate measure of success, and thus far the results are modest at best.

Trade With Japan

WHITE HOUSE STATEMENT, JULY 30, 1985¹

The Government of Japan today announced its action program for imports. This program is to be the framework for Japan's market-opening activities over the next 3 years. It fulfills a commitment by Prime Minister Nakasone to provide such a program by the end of July; however, it is difficult to determine from the announcement whether the program will remove the bulk of these barriers in a timely fashion. So we must reserve judgment until the effect of the program on our exports is realized.

The program focuses on long-term access to the Japanese market. Effective implementation of its initiatives would remove numerous nontariff barriers to trade with Japan. While a long-term effort is welcome, earlier implementation would help resolve the crucial trade problems confronting us today.

The action plan focuses primarily on specific trade barriers, but the removal of such barriers will not result in more imports without an accompanying increase in the willingness of Japanese businessmen and consumers to purchase imported goods. We hope the Prime Minister's countrymen will heed his call to reevaluate and alter their attitudes toward imports.

An encouraging note is the recognition of the need for domestic demand expansion, which would result in higher levels of imports. Also announced are steps on the path to capital market liberalization, which we have long encouraged. We are especially aware of the need to improve investment opportunities in Japan.

This program comes at a crucial time in Japan's trading relations with us and with its other trading partners. While U.S. relations with Japan are amicable and cooperative in nearly all respects, trade issues have been a source of deep and growing concern. U.S. firms believe strongly that they have less access and opportunity to compete in the Japanese market than Japanese firms enjoy here. The Administration has made righting this imbalance of market opportunities a number one priority with Japan. We will continue discussions with Japan in an ongoing effort to resolve these troublesome trade frictions. This afternoon the Economic Policy Council will begin a thorough examination and analysis of the plan. We will have more to say upon completion of this review.

¹ Text from Weekly Compilation of Presidential Documents of Aug. 5, 1985. ■

Addressing U.S.-Japanese Trade Problems

Access to Japanese markets is certainly a matter of great importance to the United States. In 1984, two-way trade between the United States and Japan reached \$81 billion. That makes Japan our second-largest trading partner, after Canada—our neighbor with which we share a 4,000-mile border.

Unfortunately, our trading relationship is very one-sided. In 1984 Japan's trade surplus with the United States reached \$37 billion. This year it may reach \$50 billion or even higher. These numbers cannot be sustained for long; the trend must be reversed. But it should not be reversed via Japanese export restraint measures. Export restraint is no substitute for market access. I do not want to see fewer Japanese exports to the United States. I want to see more U.S. exports to Japan.

An "emergency" import program could ease the situation in the short run but would be no substitute for long-term efforts to expand market opportunities for U.S. and foreign suppliers.

Our goal must be to address our serious trade problems in a way that is mutually beneficial. That means expanding trading opportunities, not limiting them. As Japanese markets are opened to foreign imports, you will find that your economy is strengthened and your standard of living is enhanced. To achieve these benefits will require a concerted effort to remove trade barriers that constrain imports from coming into the Japanese marketplace.

You believe that you have already been responsive to that need, and to a certain extent you have. But the recent history of our trade relationship with Japan has shown that, as formal trade restraints—tariffs and quotas—are stripped away, import levels do not rise appreciably. Some of that can be blamed on our own policies, or on shortcomings in our own export efforts, but not all of it. Other institutionalized barriers, visible and invisible, are so pervasive that many foreign firms simply can't crack the Japanese market.

Under such circumstances your trading partners begin to perceive that there is something unfair about the Japanese importing environment. These concerns were acknowledged recently by your prominent business organization, the Keidanren, which published a study concluding that "major obstructions to trade exist in the systems of authorization, inspection, and paperwork proc-

essing." The organization called for a comprehensive overhaul of Japan's trade regulatory system.

I would like to cite just two examples, though I have brought many others with me.

In the United States, rules are applied equally to all products, regardless of source. In Japan, it is easy to obtain the requisite authorization and other paperwork necessary to have Japanese-made, high-cube containers transported to Japanese ports for export. What has been impossible has been for those same high-cube containers to be transported within Japan when they came back full of imported products. A solution may be near at hand but the differing regulations set by prefectural groups and other involved entities as to hours of travel have so far frustrated both governments' efforts to settle what should be a simple issue.

If you wanted to build a manufacturing plant in the United States, local governments would compete with each other to have you select their location, in order to provide jobs for their people. But U.S. cigarette companies are prohibited from building plants here. And despite recent reforms, imported cigarettes still face a high tariff and price approval by the Ministry of Finance, factors which have kept the U.S. share of the market around 2%, compared to 25% in Europe and 70% in Hong Kong.

Prime Minister Nakasone understands well how a more open system would benefit Japan. Last January he and President Reagan agreed to initiate "MOSS" talks designed to open Japanese markets in four industry sectors. In April he pledged a major new effort to increase Japanese imports. In June your government announced tariff reductions on more than 1,800 products, and in recent days, Mr. Nakasone announced an extensive "action program" designed to reduce nontariff barriers, open further your capital markets, and expand domestic demand. I commend all these endeavors.

Your Prime Minister deserves a great deal of credit for his willingness to open up Japan to the international trading world. I admire his political courage in doing so, and his perspicacity in recognizing the importance of this action to Japan.

So far, however, progress in the MOSS effort has been mixed. Talks in the four selected industries have laid the groundwork for positive change in some areas; in others progress has been nominal and disappointing. The industries involved in the talks are telecommunications, electronics, forest products, and medical equipment and pharmaceuticals. In each of these sectors, there is a large potential growth market here in Japan, and the United States has highly competitive products. Yet we have not been able to overcome your import barriers. We must do so in the MOSS talks; our exports to you must accordingly increase, and our export community must emerge from the process with a feeling that, in the future, it will have the opportunity to compete fully, fairly, and openly in the Japanese market.

The new action program is encouraging in that it deals with many of the problems of greatest concern to us. It is a bold stroke, with great potential benefits both for Japan and its trading partners. But we have deep reservations about the pace of implementation and concern with respect to what is actually intended in some areas.

In summary, the prevailing attitude in the United States is that there is still a long way to go in achieving satisfactory access to the Japanese market. We feel that our markets are much more open to you than yours are to us. That perception may not always be accurate. It assuredly is not accurate in some product categories, but it is accurate in many, and that leads to frustrations.

At the moment, we're all frustrated. You wonder whether you can ever satisfy the demands of those impatient Americans. And you feel that we should

look in a mirror and solve our own macroeconomic problems, some of which clearly affect our international competitiveness.

We are frustrated too, in cases like those I just mentioned, and others like them. And neither the U.S. Congress nor the Administration can long tolerate a global trade imbalance of \$150 billion per year. No other nation on the face of the Earth would have tolerated it this long. There are now 200 trade bills pending in the U.S. Congress, many of them directed at Japanese trade practices. A number of those bills will come to a vote within the next 90 days.

So we must all respond. Your interests, our interests, and those of the entire world are at stake. Our bilateral political and economic relationships alone are too important for either of us to permit this situation to explode. The Administration is determined to counter unfair trade practices. But this is not the time for Japan or the United States to do something foolish. We need to calm everyone down and approach our trade disputes in a systematic, rational, and sensible way.

Our trading relationship is not a zero-sum game. For us to win, it is not necessary for you to lose. And for Japan to win, it is not necessary that the United States lose. If we handle these issues and disputes properly, we can both win.

There is considerably more that both of us can do in confronting these mutual problems. We can assist you by articulating what we deem to be our respective priorities, and you can do likewise. Together we should be able to meet the challenge. After all, we're friends, not adversaries.

My basic request is that you truly open your markets and that you apply the same level of commitment to your importing endeavors as you do to exporting. We Americans need to become more aggressive salesmen, but we'll be much more enthusiastic if there are vigorous buyers on the Japanese side. Your consumers just might decide that those "Made in U.S.A." products are all right. ■

10 Years After the Helsinki Final Act

Secretary Shultz was in Helsinki July 29-August 1, 1985, to participate in the commemoration of the 10th anniversary of the signing of the Final Act of the Conference on Security and Cooperation in Europe (CSCE). Following is his address at that ceremony on July 30.¹

Let me first join my colleague from the Soviet Union and the others who have spoken here this afternoon in thanking the Government and people of Finland for their fine hospitality and good preparations for this meeting. We all enjoy breathing the friendly air of Helsinki.

The modern political values that underlie our civilization were born in Europe. The belief in human progress, in intellectual freedom, in religious tolerance, in the rights of the individual against the state, and in a peaceful international order—these are the legacies that have been passed on to us by European thought and culture since the Enlightenment. At times, oppression, intolerance, and war have banked the flames of this humane spirit. But always these values have stayed alive, offering hope and inspiration to mankind—that we might explore the outer reaches of knowledge, that we might ascend to a higher plane of human existence, that we might live in peace with our neighbors, that we might have faith in progress and in freedom for ourselves and our world.

Today, tragically, Europe is a divided continent. Yet the ideals of European civilization have not been extinguished. They live still in every nation, in every city and village, on every street, in every home, West and East. They bind Europe together. The barriers, the walls, the barbed wire, and the weapons cannot truly divide Europeans from each other or from their heritage. The spiritual strength of European civilization cannot be broken by government-made artifice.

Europe, let us not forget, has been divided before, though never so starkly. Vastly different political systems have lived side-by-side on this continent for hundreds of years. Empires, constitutional monarchies, and dictatorships have stood beside republics and democracies. Religious wars, over the centuries, have caused the deaths of count-

less innocents. And in this century alone, the people of Europe have endured two world wars that ravaged their continent. Only the heroic efforts of the Western democracies and the Soviet Union saved Europe from Hitler's tyranny. Yet Europe has outlived even these times of trouble.

And the modern idea of liberty, since the 18th century, has continued to grow and flourish. It has survived all the historic conflicts and divisions of Europe because, even in the dark moments, the aspiration of individuals to speak, think, and travel freely—throughout the continent—was never extinguished. Belief in the rights of man has deep roots in European philosophy and history.

For now, we all live uneasily with the brutal and artificial division of this continent, even as we search for ways to end it. But nothing in human history has proven irreversible. Perhaps no one here of my generation can confidently expect that the walls and the barbed wire will magically disappear in our lifetime, but surely the division must be altered within the lifetimes of many who are alive today.

And yet, there are some things for which we can hope now: that the idea of liberty in Europe may continue to grow, even in those areas of darkness behind the walls, and that peace may reign over this continent, despite persistent confrontation between East and West. Today, competing powers and political values are arrayed against each other in Europe. Their differences may be ultimately irreconcilable. We hope not. But tensions will exist so long as some persist in violating the most fundamental human rights. Yet, can we not reduce the threat of armed conflict? Can we not achieve some greater measure of freedom for all Europeans, for all individuals? We, the inheritors of the European spirit, must keep it alive for future generations all across the continent.

Goals of the Helsinki Final Act

These are the hopes that inspired the Helsinki conference a decade ago. The statesmen at Helsinki understood that the twin goals of peace and greater freedom are intimately connected in Europe. They understood that we owed it to ourselves and to our children to

keep the great European tradition alive, even in these difficult times.

Today, we mark the 10th anniversary of the Helsinki Final Act. If any single lesson emerges from the history of the Final Act's first 10 years, it is precisely that the interests of individual human beings are a fundamental part of security and stability in Europe. Greater security and a more stable peace among our nations depend on greater freedom for the people of Europe.

The Final Act was an expression of the humane European tradition. It affirmed the most basic human rights and fundamental freedoms. It called for a freer flow of information, ideas, and people. It offered the possibility for greater cooperation among states and peoples. It reaffirmed the basic principles of relations among states. And it recognized, in its structure and in its purpose, that security, economic ties, human rights, and contacts among people are all equally important—and related to each other. Peace encompasses the totality of our relations.

In signing the Final Act 10 years ago, we recognized as governments that if we were to make progress toward greater security and more stable peace, we would have to go beyond the traditional agenda of governments. We recognized that our security requirements must extend beyond walls and weapons; that they had to include finding ways to lessen suspicion, reduce obstacles, instill greater confidence, and increase contacts among the peoples of Europe. And we recognized that these could only be achieved if commitments extended beyond our governments to engage the hopes, good will, and efforts of our peoples, too.

And, in fact, the Helsinki Final Act did engage the attention and enthusiasm of our peoples because it appealed to all that has bound European civilization together over the centuries and because it opened the door to a better future. The Final Act described ways to span the gulfs, to break down at least some of the walls that had been put in place since 1945. It offered a definition of our common security that was both comprehensive and precise. It gave the citizens of all participating states the hope that they could develop their full potential

and contribute to a better, safer world. But, above all, it sought to preserve the rights of individuals.

The message of the Final Act was that we can reduce the divisions in Europe, that we can ease the sufferings they have caused, and that we can someday hope to see an undivided peaceful continent if we are wise enough, practical enough, dedicated enough.

We all knew that it would not be easy to turn our hopes into reality. We knew that our expectations about what could be would have to be tempered by realism, that progress might come slowly. And we knew that, as President Ford said:

History will judge this conference not by what we say here today, but by what we do tomorrow—not by the promises we make, but by the promises we keep.

But we also knew that the goals and principles we set down here were worth striving for.

The genius of the Final Act was that it was not merely an expression of goals and principles; it was also a program of practical steps for turning our hopes into reality. It provided a standard toward which to strive and against which to measure our behavior. Perhaps we shall not soon see the day when all nations meet that standard, but the effort, in and of itself, could lead to a more secure peace, greater individual freedom, and, thus, a greater fulfillment of Europe's vast potential.

Progress During the Past 10 Years

Can we look back over the past 10 years and see some limited progress? I believe the answer is yes, though the reality of Europe's division remains. Let us review these past 10 years, and, in keeping with the wisdom of the Final Act, let us judge the progress in the most practical, concrete terms. Pious declarations are cheap. Real progress can only be seen in its effect on human beings.

The Final Act has had some practical effect. Today, journalists travel more easily between our countries. Large numbers of citizens in some East European countries have been reunited with their families in the West. By recalling what had been hoped for and what had seemed possible when the Final Act was signed, our review conferences at Belgrade and Madrid helped keep those hopes and possibilities alive.

CSCE Final Act Anniversary

PRESIDENT'S STATEMENT, JULY 30, 1985²

Ten years have passed since the United States, Canada, and 33 European governments joined in Helsinki to sign the Final Act of the Conference on Security and Cooperation in Europe (CSCE). Today Secretary Shultz and the Foreign Ministers of those nations, East and West as well as neutral and nonaligned, are meeting again in the capital of Finland to commemorate this important event.

In 1975 President Ford affirmed the support of the United States for the universal standards of international conduct and the fundamental human freedoms contained in the Helsinki Final Act. Today I reaffirm our commitment to those principles and our equally firm dedication to give them meaning in the daily lives of all citizens whose governments have undertaken the obligations contained in the Helsinki Final Act.

The CSCE process has long been a source of hope that the division of Europe can be overcome and that the human freedoms enjoyed in the West will be honored and respected throughout the continent. The Helsinki process offers the peoples of East and West the way that, by patient and serious dialogue, we can improve the lives of our individual citizens and increase security and cooperation among our states.

As Secretary Shultz said in his statement in Helsinki, we had no illusions in 1975, and have none today, that words alone can strengthen security and nurture freedom. When heads of state and government gathered in Helsinki 10 years ago, President Ford stated:

"History will judge this conference not by what we say here today, but by what we do tomorrow—not by the promises we make, but by the promises we keep."

Sadly, despite some gains, the Soviet Union and several other signatories of the Helsinki act have failed to keep their promises. Despite the solemn pledge that citizens have the right "to know and act upon" their rights, brave men and women have suffered for taking this commitment by their governments seriously. Those who have tried to exercise freedoms of religion, thought, conscience, and belief have often paid a tragic price. The Helsinki accords called for freer movement of people and ideas across the European divide, but that flow remains impeded, and in the case of the Soviet Union it is but a trickle.

The Helsinki accords and the Madrid concluding document of 1983 provided standards by which to judge the conduct of the 35 participating states and set down a process which can be used to ensure accountability. The United States will continue to uphold these standards and press for compliance with them. We consider this a commitment on the part of all those who voluntarily subscribed to the Final Act of the Helsinki accords.

As we mark this 10th anniversary and reflect on the hopes initially raised by the CSCE process, it is time to renew our efforts to ensure that those hopes were not totally without foundation. We rededicate ourselves to the code of conduct embodied in the Helsinki Final Act. We call upon all of those who participate with us in CSCE to fulfill their pledges. With commitment and determination, we can make the promise of the Helsinki accords' first 10 years the reality of this second decade of CSCE.

² Text from Weekly Compilation of Presidential Documents of Aug. 5, 1985. ■

EUROPE

So, too, our recent meetings in Ottawa and our current negotiations in Stockholm keep our aspirations alive.

These achievements are not negligible. They have pointed the way we must take if we are to put our relations on a better and more stable basis in the future and if we are to open up the possibility of freedom for all Europeans.

And yet, 10 years after the signing of the Final Act, no one can deny the gap between hope and performance. Despite the real value of the Final Act as a standard of conduct, the most important promises of a decade ago have not been kept.

Let's look at the specifics.

Soviet-Bloc Performance on Helsinki Principles

In the Final Act, we all committed ourselves to treat, in a positive and humanitarian way, the applications of persons who wish to be reunited with members of their family. Yet, over the past 5 years, the number of Soviet citizens of Jewish nationality permitted to emigrate, mainly for family reunification, fell from more than 51,000 to 896. The regrettable trend is the same for Soviet citizens of German and Armenian nationality.

There are over 20 cases of American/Soviet marriages in which the Soviet spouse has been denied exit permission two or more times, in spite of specific provisions of the Helsinki Final Act. Yuriy Balovlenkov, who married an American citizen in 1978, was on a hunger strike from March 25 to July 4 protesting 6 years of continued denial. He has seen only one of his two daughters and is in terribly weakened health.

The Final Act confirms the right of the individual to know and act upon the provisions of the agreement. Yet the citizens' group set up in Moscow to monitor implementation of the Final Act in the Soviet Union disbanded in September 1982 for fear of further persecution. Here is a group of enthusiastic Soviet citizens who were pleased and proud of the decision of their government to sign the Helsinki Final Act. Yet today, Yuriy Orlov, the group's founder, languishes in remote Siberian exile after 7 years in a labor camp. Founding member Anatoliy Shcharanskiy, imprisoned on a false charge in 1977, has completed his term in the notorious Chistopol prison and is now serving out the rest of his 13-year sentence in one of the most brutal of Soviet labor camps. Im-

prisoned group member Anatoliy Marchenko, currently serving a 12-year sentence, has been permitted no correspondence with his family for more than a year. Group member Ivan Kovalyov's health has reportedly deteriorated badly since his transfer to labor camp. His wife and fellow group member, Tatyana Osipova, recently had her own 5-year labor camp sentence extended by 2 years.

The founder of a peace group in Moscow, Sergei Batovrin, was first harassed, then put in a psychiatric ward, and then, when he persisted in advocating peace the way so many thousands of young people do in other countries, he was thrown out of his native land altogether. Other peace activists have met similar fates, as have those struggling for women's rights and free trade unions. The founders of a Social Democratic Party in Moscow were jailed in January of this year.

On June 14, Bogdan Lis, Adam Michnik, and Wladyslaw Frasyniuk were sentenced in Gdansk to terms ranging from 2½ to 3½ years on charges of having nothing ostensibly to do with their real "crime" of leading the fight for free trade unionism—a right recognized in the concluding document of the Madrid review meeting. In the Soviet Union, Vladimir Klebanov's efforts to found a free trade union put him in a psychiatric hospital for 4 years.

Nor has abuse of psychiatric treatment been limited to trade unionists and peace activists. In the Ukraine, Vladimir Khailo, an Evangelical Baptist, has been interned in psychiatric hospitals since 1980 for his faith and his efforts to emigrate with his wife and 15 children. He has refused an offer of freedom in exchange for renunciation of his faith.

All who would live an active religious life according to their faith—whether Christian, Jewish, or Muslim—risk harassment, imprisonment, or confinement in psychiatric institutions. Baptists, Ukrainian and Lithuanian Catholics, Russian Orthodox, Seventh-day Adventists, and Pentecostals have all been increasingly subject to repression. Dina Shvedsova, Vasyl Kobrin, Father Alfonsas Svarinskas, Father Gleb Yakunin, Pastor Nikolai Goretoi, and Pastor Viktor Valter are only a few of the Christians currently serving sentences of up to 12 years in prison or exile in the Soviet Union because of their faith. A small community of Pentecostals from the village of

Chuguevka in the Soviet Far East has suffered grievously in the past several months. Ten community elders have been sentenced to up to 5 years in labor camp and the rest fired from their jobs. Six families have been threatened with losing custody of their children.

At least 16 Jewish cultural activists, including 9 teachers of the Hebrew language, have been arrested in the Soviet Union since last July, and many have been convicted on obviously trumped-up criminal charges to 3–4 years of imprisonment and labor camp. Iosif Berenshtein, currently serving a 4-year term, was savagely beaten and stabbed while in prison and lost most of his vision. Yuliy Edelshtein, who is serving a 3-year term, is reportedly undergoing repeated beatings in his labor camp in Siberia as part of an effort "to exorcise his religious fanaticism," according to camp authorities.

Abuzakar Rahimov, a Muslim from Tashkent in Soviet Central Asia, was sentenced to 7 years in a strict-regime labor camp in 1982 for distributing material about the Islamic faith, including translations from the Koran.

Last year in Czechoslovakia, seven priests and nuns were arrested for "obstructing state supervision over churches and religious orders."

Finally, the man who more than any other represents the ideals enshrined in the Final Act—Andrei Sakharov—remains totally isolated from the outside world—in exile, probably still in Gorkiy. Even as I speak, he may be in a hospital following his most recent hunger strike on behalf of decent medical treatment for his beloved wife. We have reason to believe he was forced to break his hunger strike.

We cannot talk about the Helsinki process without talking about human beings, for they are supposed to be the true beneficiaries of the Helsinki Final Act. The fate of these individuals, moreover, affects the actions of thousands, maybe millions, by showing what happens to those who dare exercise their rights and freedoms.

Commitment for the Future

My country and most other countries represented here remain committed to the goal of putting the program of the Final Act into practice in all of its provisions. We know that hard work and patience are needed. We believe that the truest tests of political intentions are actual steps to improve cooperation

among states, to enhance contacts among people, and to strengthen respect for individual rights. The provisions of the Final Act are indivisible. We must see progress in all areas. At next year's Vienna review conference, we will have a chance to measure that progress again.

We are convinced that the future need not be as bleak as the recent past. As we look ahead toward the next decade of the CSCE process, we should also look back to the kinds of beneficial practical actions we enlisted then and measure ourselves against the standards we set.

We have an opportunity at the Stockholm conference to find concrete ways to increase confidence and security in the military field. The package of specific measures proposed by the Western participants in Stockholm addresses some of the causes of war—miscalculation and misinterpretation. These measures can help ensure that existing forces are never used. They encourage greater openness about military forces and exchanges of information that would increase mutual understanding and reduce the risk of surprise attack.

As President Reagan stated in Dublin over a year ago and more recently in Strasbourg, we are prepared to discuss the principle of non-use of force—a principle to which the United States is committed—if this will bring the Soviet Union to negotiate agreements that give concrete meaning to that principle. A solution should be possible that adds to our security and contributes to peace in Europe, and thereby, ultimately, to a better life for our peoples. We are prepared to move ahead in all areas in Stockholm. And I was pleased to note in [Soviet Foreign Minister] Mr. Shevardnadze's address that he expressed a positive attitude toward these negotiations.

We can contribute to our common security, to a more stable peace, and to the future vitality of European civilization by steps directly affecting people's lives. The freedom of individuals to determine their own destinies is not only a good ultimate objective, it is also a good place to start. Sustained improvements are vital, but concrete steps—to improve emigration, to allow spouses and dual nationals to unite with loved ones, to release human rights activists and religious teachers—these concrete steps are also important.

Each of us has the obligation to press forward wherever we can. One particularly urgent task is to stop the spread of chemical weapons. Too many times in recent years, these weapons have been brutally employed, not only against military forces but against innocent civilians. The proliferation and use of these weapons represent an ominous warning that long-accepted constraints are breaking down. We must all look to the steps we can take to halt the use of these weapons now, to prevent further proliferation, and to invigorate the effort in Geneva to move toward a verifiable treaty that would genuinely ban these weapons forever.

The United States and the Soviet Union have an opportunity to help build a more secure world in the arms control negotiations currently underway in Geneva—where, I might say, we advocate radical reductions in offensive nuclear armaments. And in November our leaders will meet to examine the whole spectrum of issues before us. We are ready and willing to seize the oppor-

tunity. Let our two countries begin the patient, serious work of resolving problems and reaching agreements of benefit to us both and to other countries as well.

Steps to reduce weapons and enhance security, steps to enhance economic and other exchanges, and steps to relieve the suffering and enrich the lives of individuals—all these reinforce each other. They are part of the same broad program of security and cooperation enshrined in the Helsinki Final Act. Taken together, they could lead us toward a new era in relations in Europe—one that could bring alive once again the promise of Helsinki and the larger promise of European history.

They are not massive or difficult steps to take. But they are important; they have a larger meaning. They require only courage and political will on the part of all of us.

¹ Press release 196 of Aug. 1, 1985. ■

Secretary Meets With Soviet Foreign Minister



While in Helsinki for the 10th anniversary commemorating the signing of the Final Act, Secretary Shultz and Soviet Foreign Minister Eduard Shevardnadze held bilateral discussions.

U.S.-Soviet Relations in the Late 20th Century

by Robert C. McFarlane

Address before the Channel City Club and the Women's Forum luncheon in Santa Barbara on August 19, 1985. Mr. McFarlane is Assistant to the President for National Security Affairs.

Before long President Reagan will meet in Geneva with the General Secretary of the Communist Party of the Soviet Union, Mr. Gorbachev. The meeting comes at a historic moment if measured by the enormity of change that has taken place in the West and the apparent potential for change in the East. In the past 4 years here in the United States, and more broadly in the West, we have experienced a political, economic, and social renewal of historic proportion. Four years ago we seemed paralyzed by the moral and institutional aftermath of Vietnam and Watergate; our economic problems seemed beyond our comprehension with solutions nowhere in sight; the military balance had shifted dramatically against us, and its effects were reflected in growing Soviet influence from Angola to Ethiopia to Indochina, Afghanistan, and Nicaragua. Our alliances were severely shaken and leaders from London to Paris to Moscow were asking whether the United States had lost its way and whether we could regain our ability to play a positive role of leadership in international affairs.

Today, the picture is dramatically different. President Reagan has set our economy solidly on the road to recovery; our foundation of strength is being restored; Soviet expansion has been checked and even rolled back on a tiny island in the Caribbean. In sum, America has regained its moorings, it is leading, and peace is more secure.

On the Soviet side of the ledger, the picture is less clear, but surely the possibility for a more promising future exists. A new Soviet leader is in place—a man unencumbered by the vicissitudes of primary elections and campaigns and, therefore, a man who may endure through the turn of the century.

Here in the United States—a nation of optimists led by the greatest optimist in our history—we hope for the best.

We are sobered by the knowledge that seldom has our optimism been vindicated. And yet it endures. But as we set out on what we hope will be a more promising period, we should proceed forthrightly, honestly stating both our purposes and our misgivings, hiding neither our hopes nor our fears.

This is a time of considerable flux and introspection in the Kremlin. They deserve to know from whence we are coming if they are to reach coherent decisions. Perhaps by stating some of our frustrations we can shape their thinking. That is my purpose today.

Soviet-American Rivalry

It's often said that the rivalry between the United States and Soviet Union is close to immutable and that our job is not to end it but merely to keep it under control. Some say that since 1945 there's been only one way to end it and that it's too terrible to contemplate. But for many others the inevitability of competition is not caused simply by the gruesome facts of the nuclear age. It has much deeper, older, and—as some see it—even more ineradicable causes. For some, De Tocqueville's famous predictions of 150 years ago have taken on a folkloric, if not intellectual legitimacy.

Anyone who works on the concrete issues dividing these countries knows that practical policy decisions are never made on the assumption that a fundamental change in Soviet-American relations is anywhere in sight. To the contrary, we have to take competition as a given and do the best that we can. But this should not become an excuse for not thinking about what is at the heart of our disagreements. I have studied, reflected, and worked on international affairs for many years, and no one has ever convinced me that there is some law of nature requiring two populous and powerful nations halfway around the world from each other to be locked in permanent hostility. If they are hostile, it's probably for reasons other than their "two-ness," their "populousness," their "powerful-ness," or their distance from each other.

I think the real sources of conflict are things that can—and do—change. If there is a military rivalry between two great countries, it's caused less by the arms themselves than by the way the two sides think about military security. If there is a geopolitical rivalry, it's not caused by the facts of geography but by the way the two sides define their political security and their other interests. If there is a clash of ideas—well, not even ideologies are permanent. Some political ideologies are a source of near boundless energy and creativity, but others are true prisons, confining not only those who believe in them but many who don't. Nothing can hinder human energy and creativity like a bad idea. But, as I have said, it is our good fortune that ideas are not immortal. They are subject to what is sometimes called "reality therapy"—the test of time and experience. Sometimes, with any luck, they can be cast off. Mental prison walls do come down. As rare as it seems in this century of institutionalized fanaticisms, people do change their minds.

We know from the statements of Soviet leaders that these days many existing policies are getting especially close scrutiny. Certainly the test of time and experience has been a very harsh one. General Secretary Gorbachev himself recently called for "a fresh look at all the shortcomings, negative phenomena, all sorts of blunders." He made clear that reevaluation has been long deferred. In the future, in his words:

... more order will be required, more scientific inquiry, more major, important decisions, and so forth. Overall it will require immense mobilization of creative forces, and the ability to restructure and conduct matters in the country in a new way, not only in the economy but also in the social sphere, in that of culture, ideology, in all spheres.

These seem like hopeful words, but perhaps you will agree that those of us in the West, on the outside, have a hard time knowing how to interpret them. We cannot know whether a process of comprehensive change is underway or not. In the past, the appearance of change has been no more than a mask behind which systemic rigidities endure.

Each new leader—however strongly he might favor change—has found that having risen by following the rules of the system, he becomes captive to it. If such a process is beginning, it will be difficult to discern, we may or may not be able to make a contribution to it, and we cannot predict its outcome. But inasmuch as it does greatly affect us, it is certainly appropriate for us to suggest the kinds of questions that we will be asking about it—the questions whose answers will make a large difference in our own policy. I assume that Soviet officials would also like to know our thinking as to what kinds of change would do the most to make Soviet-American relations more stable. We sometimes hear the Soviet complaint that they don't know what we're after, so let us be clear.

Military Issues

Let me begin with military issues. I have said that the wheels of military rivalry are not set in motion by arms themselves but by the thinking that governs the arms, by the political doctrines, decisions, and interests that are reflected in the organization, shape, and size of a military machine. In recent years many Soviet decisions have been quite troubling to us, suggesting an outlook on security issues that is very different from our own. By this I don't mean simply that Soviet military spending is so high—although it is. But that isn't what concerns me here. I want to call your attention to something different—to decisions that resume or initiate competition in an area where there hadn't been any at all.

Take the case of chemical weapons. In this century, these weapons have created a revulsion and horror in Western publics second only to nuclear weapons. It was a horror, moreover, that our governments were able to act on quite successfully. The Geneva protocol of 1925 was for many years one of the most widely supported and observed arms control agreements on record. As a result, our own capabilities, stocks, and training experienced a long decline. We haven't produced chemical weapons in 15 years. Unfortunately, this was not paralleled on the Soviet side, whose major effort became impossible to ignore. For this reason we have now proposed to modernize our own chemical weapons program. We'd rather not do

this, and Congress also would rather not, and we've tried to head it off. In April 1984 President Reagan sent Vice President Bush to Geneva with proposals to negotiate a complete ban on chemical weapons, but since then the talks have not made progress.

This record suggests a specific question: what has the Soviet side gained from reviving this competition? Particularly now, as chemical weapons are being made (cheaply) and used (lethally) by small countries, isn't it imperative that we find effective, verifiable controls?

I wish this were an isolated case. But we see the same pattern in the issue that dominated Soviet-American arms control talks, as well as public controversy, during the President's first term—medium-range nuclear missiles. Again, a bit of history may be useful. You may know that over many years the United States scaled back its medium-range missile capabilities in Europe; the Soviets did not. During the 1950s and 1960s many plans were developed within the Western alliance to counter the Soviet edge, but they were abandoned one after another for a series of different reasons. A sense of urgency about the problem began to subside with the emergence of detente in the late 1960s. And the specific military worry created by a large Soviet missile advantage was softened over time: the Soviet Union seemed to be letting its large medium-range missiles grow old. But then an odd thing happened. The Soviets began instead to *add* to their force, introducing the SS-20, one of the most formidable weapons ever fielded by the East. To make a long story short, the result was a NATO decision that, after all, these new Soviet deployments had to be answered. In 1983, after 2 fruitless years of trying to negotiate a solution to the INF problem—that stands for intermediate-range nuclear forces—the West began to put its own missiles in place.

INF isn't in the headlines much these days, and there may be an analytical advantage in this. We now have a little distance on this sequence of events and a responsibility to judge them critically. What happened? An East-West dispute took shape on an issue that some thought had gone away. Two questions come to mind that I still find hard to answer: what can the Soviet Union imagine that it got out of reigniting this competition? What did it

get out of several years of one-sided negotiating positions, premised on an expectation of Western disunity?

Finally, let me take up the military question that is in the headlines—the relation between offensive and defensive strategic systems. As you may know, in 1972 the United States and Soviet Union agreed that neither side should build a defense against ballistic missiles. The Soviet Union has since built and maintained the defensive system around its capital allowed by the agreement; the United States has not. Both sides have pursued research, as the treaty permits; the Soviet research effort has been extremely large.

Now, while keeping strictly within the limits of the ABM [Anti-Ballistic Missile] Treaty, President Reagan has proposed the Strategic Defense Initiative to reinvestigate the feasibility of defenses. Two reasons above all others produced this decision:

First, the past decade's enormous Soviet offensive buildup, which has put the survivability of our forces in question, and

Second, the President's desire to see whether the fragility of the nuclear balance can be reduced by moving us away from a morally unsatisfactory doctrine on nuclear retaliation.

As the President has said many times, this is one of the most hopeful possibilities of our time. We believe it could contribute to both sides' security, especially if we make progress in the Geneva arms talks. We have hoped in these talks to explore each side's thinking on how to strengthen strategic stability. But what has been the Soviet response? Soviet public statements, with which many of you will be familiar, simply propose something we believe is non-negotiable and nonverifiable—a ban on research even as they pursue the largest research program on earth. And in a masterpiece of *chutzpah*, they insist repeatedly that ours is a program designed to acquire a first-strike capability.

In short, we're having a lot of trouble establishing a real dialogue. And bearing in mind the other examples I've cited, we have to face some disturbing questions. Will the Soviet Union start to approach this matter as a potentially cooperative one or approach everything on a zero-sum basis? The other instances—chemical and INF—suggest that these all-or-nothing tactics don't serve the Soviet Union well.

Obviously, a great deal hangs on the answers to these questions. The President has committed himself to meet the Soviet Union halfway in developing responsible solutions to outstanding problems. I can restate that commitment today. But without some change in the Soviet approach to security issues—in fact, in the thinking that underlies it—I fear that even incremental improvements will be extremely hard to reach. And they will be much less likely to gather momentum, to build on each other.

International Political Issues

The issues of Soviet-American rivalry, of course, go beyond military matters. There is the critical question of how each side defines its interests in the world. Many in the West are looking for signs of change in the Soviet Union's thinking on international political issues. Some students of the problem argue that it is now what they call a "mature" power; that it is not guided by Lenin's old dictum "the worse, the better"; that it is not so deeply driven by an ideological animus against the West; and that it need not leap at every opportunity to hamstring American policy for its own sake.

These would obviously be important changes. How should we decide whether they are true? Obviously, by practical measures. As these matters come to be discussed in Moscow, the Soviet leadership should know that we have practical measures like Afghanistan, Cuba, and Libya in mind.

Take Afghanistan. Today, 120,000 Soviet soldiers there are waging the most brutal war now underway on the face of the Earth. For what? It's not so easy to say. Some in the West believe that the Soviet Union instigated the 1978 communist coup that preceded the 1979 invasion. As you may know, Soviet officials and commentators always dissociate themselves from this and explain that they had nothing to do with it. We can't know, but we can ask questions about Soviet policy to clarify its objectives. If the Soviets truly propose to dissociate themselves from it, to indicate that they have no interest in fomenting such events, then why are 120,000 troops in Afghanistan protecting the small number of people who made that coup from the opposition of the Afghan people? Soviet officials say that they need a friendly Afghanistan on their border. We can perhaps understand this desire, but how is friendship to be built?

Our proposition to the Soviet leadership is that their present policy is only increasing the Afghan people's hatred. Does the Soviet side have a nonmilitary strategy for dealing with that problem? If so, they will find us ready to help put it in place.

Or take Libya. There are few if any governments today whose policy as a whole could be better described as "the worse, the better." Col. Qadhafi is an heir to that tradition of seeking to provoke or benefit from trouble and instability. That being the case, Americans have to ask some serious questions about Soviet support for him. A small example will suffice: with all the problems of terrorism in that part of the world, what good is served by providing Soviet submarines to Qadhafi? Or, given the war in the Persian Gulf, which seems to drag on endlessly, what good is served by giving missiles to Col. Qadhafi, which then find their way to Iran and finally land in downtown Baghdad, the capital of a country that has a friendship treaty with the Soviet Union? Is this what friendship treaties mean? Americans are entitled to ask with utmost seriousness: if Soviet policy is not "the worse, the better," then shouldn't the Soviet Union's relationship with Col. Qadhafi be very different?

Finally, take Cuba. The price tag of Soviet support for Cuba is calculated by our experts at something like \$5 billion a year. As a benchmark of sorts, that's about as much as we provide to Egypt and Israel combined—and together their population is five times that of Cuba. This must be, in other words, a massively important commitment of Soviet policy. But what is it a commitment to? To us, frankly, it seems that the principal benefit is in the offensive purposes to which Cuba—Cuban troops, Cuban advisers, Cuban bases—can be put.

The record of Cuban policy in the past 10 years is an extraordinary one, and it is all the more extraordinary because it did not have to be this way. For the first 10 years or so after the missile crisis of 1962, Cuba was not a major irritant in Soviet-American relations. Now it is. Its military personnel are in the thick of wars on two continents and, despite international pressures from many directions, show no signs of returning home. The pattern is something like what I sketched in talking about chemical weapons or missiles in Europe. The Soviet Union has reignited a source of conflict. Has it benefited by doing so? We hope this question is being asked in Moscow.

There should be no doubt about the ability of the United States to deal with these difficulties when they are placed in our way. That's not the issue. Naturally, we have to pay more attention to the security of Pakistan than we did some years ago, but we can do it. Similarly, we now have to pay more attention to the security of El Salvador than we used to, but we can manage that too. And we don't look the other way at the problems that Libya creates for neighboring countries, among them some good friends of the United States.

The question that remains, however, concerns the broader impact of all this on Soviet-American relations and whether this is the impact that the Soviet side wants. It certainly sends us loud messages that can't be ignored about the motivations of Soviet policy. It makes improvements in other areas more difficult. It all but guarantees that any small steps forward that we may be able to take will be isolated, hard to preserve, and perhaps devalued in advance by both sides.

None of this, I might add, is much changed by hearing from the Soviet side of their responsibility to help other "socialist" countries. For us, of course, that comes down to helping other governments oppress their people. We believe that Soviet-style socialism has brought hardship to and restricted the potential of many great nations. That is our deeply held view. No doubt the Soviet leadership disagrees, but let's not leave the matter there. I hope they will at least ponder a different question: that is, whether such Soviet involvements can be justified even in your own terms. Here in the West, for example, we remember General Secretary Andropov's comments about the difference between building socialism and merely proclaiming it. We hope that such skepticism can be a source of doubt about whether the Soviet policies I've been describing have really served your interests.

Human Rights and Democracy

So far, I have dealt with the political-military issues that trouble our relations. They almost always dominate the agenda of problems between us. They are what our negotiators focus on. There are many more issues I could touch on—from Poland to nuclear proliferation. But, as important as all these are, they are not the area in which the most momentous changes could take

place. Frankly, the most durable and far-reaching kind of improvement in Soviet-American relations—and probably in the Soviet Union's relations with almost every country of the world—would be created by events inside the Soviet Union.

When Americans raise the issue of human rights with Soviet officials, they know what to expect. It is the Soviet position that we are treading on "internal matters." The Soviet side by now is also quite accustomed to what we usually say in return—that many of these matters involve commitments made in the Helsinki Final Act. We're talking about obligations that the Soviet Union freely assumed.

This is an important point: treaties signed have to be taken seriously. But it's not the main reason Americans take an interest in human rights and democracy. And the reason isn't just that we believe in morality in politics or that our hearts go out to Soviet Jews who wish to emigrate and can't. No, it's that real progress in that direction would have a fundamental effect on the international system, on the way we do business with each other.

When President Reagan was in China in April 1984, he gave a speech that must surely rank as one of the most candid ever made by a leader visiting a country with a different political system. He put his message simply: "Trust the people." For us, the meaning of a phrase like that is obvious, but many of the ideologies of the 20th century rest on suspicion of the people, on the conviction that they cannot handle their own affairs. Since that's the case, let me say briefly what trusting the people means in practical terms. Let's leave aside sentiment and turn to some specifics. What can the people do if they are trusted?

First, only the people can revolutionize agricultural productivity. All other approaches are hopelessly irrelevant. Over 20 years ago, the Communist Party of the Soviet Union accused the Chinese party of believing that "if a people walks in rope sandals and eats watery soup out of a common bowl—that is communism." No such sarcastic accusation could be made today. In the past 7 years, agricultural productivity in China has actually doubled. And Prime Minister Gandhi, during his recent visit here, spoke to us of the gains made in Indian agriculture through increased incentives. Today, India is a net exporter of grain. How? The people have done it.

Soviet Use of Chemical Tracking Agents

DEPARTMENT STATEMENT,
AUG. 21, 1985¹

The U.S. Government has recently determined that Soviet authorities, for a number of years, have used chemical substances to monitor the activities of employees at the U.S. Embassy in Moscow. The substances in question, which have been applied indirectly to Embassy personnel, leave deposits on the person or possessions of people with whom they have had contact.

The most extensively used of such tracking agents—nitro phenyl pentadien (NPPD)—has been determined, through biological screening tests, to be a mutagen. Mutagens can be, but are not always, carcinogens in human beings. Extensive testing will be necessary to determine whether NPPD and other compounds used by the Soviets pose a threat to health, as well as to determine the extent of the Embassy community's exposure to these chemicals.

Preliminary indications suggest that the levels of NPPD and other substances to which individuals may have been exposed is very low. There is no evidence to date that any Embassy personnel have suffered ill effects due to exposure to tracking agents.

Embassy Moscow's staff was briefed earlier this morning on what is currently known of the health implications of the Soviet Union's use of tracking agents.

Unofficial Americans resident in the U.S.S.R., as well as other embassies which may have been targeted, are also being informed. A special task force under the leadership of the National Institutes of Health and the Environmental Protection Agency have been established to conduct a thorough investigation into the long-term implications of exposure to NPPD and other tracking agents.

The United States deplores the Soviet Union's use of chemical substances against its diplomatic representatives in the U.S.S.R. We have protested the practice in the strongest terms and demanded that it be terminated immediately.

The United States will take every possible measure to ensure the safety and well-being of all American citizens in the Soviet Union and to determine the full implications of the risks to which they have been exposed.

¹ Read to news correspondents by Department deputy spokesman Charles Redman. ■

Second, only the people can lead the scientific-technological revolution. They are leading it in those countries enjoying the most rapid economic growth today. No Ministry of Central Planning can lead it. In the United States the watchword of change in the structure of our economy is decentralization—the spectacular growth of new companies offering new products in a field like information technology. In the speech in China that I just quoted, President Reagan said, "Make no mistake: those who ignore this vital truth will condemn their countries to fall farther and farther behind . . ."

Finally, only the people can invigorate national culture. I mean culture in both the low- and the high-brow sense. I mean, as it happens, both entertainment and enlightenment. I mean arts and letters, music and films. Only the people

can build national self-esteem and self-expression out of malaise. No Ministry of Culture can do it.

Now every people will perform these tasks in its own way. Cultures come out differently. For all the changes underway, China remains distinctly Chinese and recognizably socialist. But, in every case, to succeed at the tasks I've mentioned, the people have the same basic needs. They need to make more of their own decisions; they need to act on their own brainstormings; they need to be able to learn from each other; they need to know the basic facts of their own economic and social life. They need to shake off an institutionalized secrecy that the rest of the world finds absurd and self-defeating. They need to know simple things, like the size of last year's wheat harvest, and big things, like what's going on in the world

at large. They need to be able to leave, if they want. If they are denied all these, they cannot do very much at all.

To the Soviet leadership, I would say that these things are not our romantic ideals. Rather, they are the practical requirements of some of your own goals—and of our goals as well, for they are the key to transforming East-West relations.

Conclusion

In conclusion, let me return to the practical perspective with which I began: we don't plan policy in the expectation of transforming East-West relations. We seek incremental improvements, and we don't dismiss their value. The Soviet leadership should know that President Reagan is ready—patiently, methodically—to take small steps forward, and that we will respond in proportion to what we see from them.

But at this time of questioning in the Soviet Union, it seems to me that we should ask more of ourselves and of the Soviet side as well. We should recognize that those who seek only small improvements often end up with none. We know cosmetic improvements when we see them and know the meaning and the value of major change. We should ask those questions and insist on the answers that point the way. ■

Fighting Terrorism Through Law

by Abraham D. Sofaer

Address before the American Bar Association convention in London on July 15, 1985. Mr. Sofaer is the Legal Adviser of the Department of State.

The timeliness of today's session is painfully obvious. We have just emerged from another harrowing encounter with terrorism in Lebanon. The hijacking of TWA #847 is one in a rash of recent terrorist atrocities. Seven Americans and other innocent civilians remain in the hands of kidnappers in Lebanon.

Less than 1 month ago, nine civilians and four off-duty U.S. Embassy guards were gunned down at a sidewalk cafe in San Salvador. Over 300 men, women, and children were killed when an Air India flight disappeared mysteriously not far from here. A bomb put on another flight in the same Canadian city almost simultaneously exploded in Japan, killing two baggage handlers and injuring many others. A bomb in the Frankfurt airport during the same week killed two and injured several more. And a delicate, brilliantly executed investigation by Judge Webster's Federal Bureau of Investigation saved Prime Minister Rajiv Gandhi from what might well have been the same fate his mother met some months ago.

Even more sobering is the realization that the timeliness of today's topic was predictable. Ask yourselves when, during the last 10 years, this topic would have lacked tragic immediacy. Just 9 months ago, Prime Minister Thatcher narrowly escaped injury when a bomb planted by the Provisional IRA [Irish Republican Army] exploded at her hotel in Brighton, killing 4 and injuring 34. In July 1983 after repeated PLO [Palestine Liberation Organization] attacks, a group of Jewish extremists fired randomly at Arab students at the Islamic College in Hebron, killing 3 and wounding 33 others.

The State Department has estimated that, from 1979 to 1983, 2,093 people have been killed as a result of international terrorist incidents and 4,349 injured. We can be grimly certain that, if this subject is set again for next year, we will have new tragedies to talk about.

Of course, nothing we say today, or do tomorrow, could put an end to the evil that is modern terrorism. As long as people find it in themselves to torture and murder indiscriminately, to advance their political ends, we must live with terrorism in its many manifestations. And we are not about to witness any fundamental change in human nature or the sudden enlightenment of mankind through a divine will.

Indeed, a common thread among most terrorists is the deep belief each holds in the justice of his cause. Each hears, or pretends to hear, his own particular god cheering on the sidelines as he kills and maims the innocent—be that god Jehovah, Allah, Marx, a utopian vision of society, or some insane dream of racist supremacy.

Controlling domestic criminality is itself an endless challenge, even though every civilized nation has criminal laws prohibiting antisocial conduct, national police forces universally empowered to use reasonable and necessary force, and courts with authority to punish violators. In the international arena, while we have conventions, agreements, and customs that make many terrorist acts universal crimes, international practice and doctrines greatly limit the enforceability of these norms. Furthermore, we lack anything like an international police force to apply rules of conduct or courts routinely to enforce them through punishments. Even when we can lawfully apply force against terrorists, its utility is often limited by the value we attach to human life.

The problem also has a political dimension. While a consensus can usually be found among the citizens of particular nations against terrorist acts, on the international scene, as President Reagan noted last week, a number of states either provide safe havens for terrorists or actively encourage terrorism and use terror as a weapon in their war against free governments.

The TWA Incident

You can best appreciate the special difficulty of dealing with international terrorism if we review some of the issues the U.S. Government has faced during the latest crisis. The underlying facts are no doubt familiar to you all.

Three Lebanese hijackers flew from Beirut to Athens where two of them boarded TWA #847 bound for Rome. The third man was unable to get a seat on the plane and was subsequently arrested in Athens. Shortly after takeoff, the hijackers produced pistols and grenades, commandeered the plane to Beirut for refueling, and then took it to Algiers. They demanded that their coconspirator in Athens be reunited with them in exchange for the release of the Greek nationals on the plane, and the Greeks agreed. The plane was then flown back and forth between Beirut and Algiers. In the process, all but 39 passengers and crew were released. On the ground in Beirut, the hijackers mercilessly beat and then shot to death Robert Stethem, a young U.S. Navy diver. They were then joined by members of both Hizbollah and Amal forces, who took a dozen passengers off the plane for "safekeeping." The hijackers sought publicity and got it. The world was treated to a media extravaganza that gave tastelessness new meaning.

The immediate problem posed by the hijacking was to get back the hostages safely and in a manner consistent with our overall security interests. President Reagan and Secretary Shultz set the rules for our conduct: no deals, maximum diplomatic pressure, and the use of reasonable, discriminate force, if necessary. Their efforts succeeded without further loss of life. We continue to seek the return of all other hostages in Lebanon.

In addition to obtaining the safe release of the passengers and crew, we are working to achieve four additional objectives: to bring the hijackers to justice, to get back the plane, to end the routine use by terrorists of the Beirut International Airport, and to improve security at the Athens airport. We are also seeking to rally like-minded governments to join us in improving worldwide safeguards for civil aviation security.

The Hijackers

You will recall that one of the hijackers was arrested at the Athens airport. As a party to the Tokyo, The Hague, and Montreal conventions against terrorism, Greece had the responsibility to hold the would-be hijacker until he was extradited or prosecuted. Instead, Greek officials swapped the terrorist for the Greek nationals on the plane.

Releasing the hijacker in exchange for some of the hostages was a grave mistake. The reason no exception is written into the obligation to extradite or prosecute aircraft hijackers is simply that, once one begins to make exchanges with terrorists, there is no end to the types of deals they would demand. Kuwait, to its credit, has repeatedly resisted terrorist demands that it release convicted terrorists. We have insisted that Greece abide by its obligation to hold alleged hijackers until extradition or prosecution. As you will see, however, we can do little more on this issue until the conventions are made enforceable.

By signing The Hague and Montreal conventions, Lebanon agreed to extradite or prosecute terrorist hijackers. In addition, customary principles of international law support the principle that pirates must be punished either in the requesting or requested nation. Under legislation passed last fall, the TWA hijacking is a crime under U.S. law. We have filed a formal demand that Lebanon fulfill its international obligations to take law enforcement measures against those responsible for the TWA hijacking and the crimes they committed; Attorney General Meese will determine when to file a formal demand for extradition and what other law enforcement options to pursue.

The press greeted with skepticism our intention to pursue the hijackers

through legal means. They questioned the point of such an effort, and if the Government of Lebanon cannot control its airport, how can we reasonably expect it to investigate, identify, arrest, and prosecute the individuals responsible for the hijacking?

The short answer to this is that we cannot know in advance that an effort to arrest the hijackers is bound to fail. Lebanon is a complex place, and if the news stories are accurate—that an effort to arrest them is being made—a good result could come about through circumstances we cannot now entirely anticipate.

In any event, Lebanon's inability to arrest the offenders cannot relieve it of its obligation to try and to keep trying until it succeeds. Our effort to bring these hijackers to justice has significance far beyond the individual case. We must persist in asserting that the rule of law be obeyed, if we want to retain the hope that some day it will be obeyed.

Don't let this discussion mislead you. If Lebanon or Greece refused to carry out their obligations under the anti-terrorism conventions, our prospects for enforcement would be slight. Thus far, neither the conventions nor customary law have been held to create enforceable duties. Parties to the conventions have repeatedly refused to extradite or prosecute hijackers and, indeed, have supported their activities. Kevin Chamber-

The Legal Adviser



Abraham D. Sofaer was born May 6, 1938, in Bombay, India. He served in the U.S. Air Force 1956-59 and became a naturalized citizen in 1959. He received a B.A. *magna cum laude* in American history from Yeshiva College in

New York City (1962) and an LL.B. *cum laude* from New York University (1965) where he was editor-in-chief of the law review. He was a Root-Tilden scholar. Mr. Sofaer was awarded an honorary doctorate from Yeshiva in 1980.

From 1965 to 1966, Mr. Sofaer served as law clerk to Judge J. Skelly Wright of the U.S. Court of Appeals, District of Columbia, and to Justice William J. Brennan, Jr., of the

U.S. Supreme Court from 1966 to 1967. He was Assistant U.S. Attorney in the Southern District of New York (1967-69), professor of law at Columbia University (1969-79), and hearing officer for New York State (1975-76). In 1979 he was appointed a Federal District Court judge in the Southern District of New York. Among the cases he handled as a Federal judge was the libel action by Gen. Ariel Sharon against Time, Inc.

He was sworn in as the Legal Adviser of the Department of State on June 10, 1985.

Judge Sofaer is a member of the New York Bar, the American Bar Association, and the American Law Institute; he is adjunct professor of law at Columbia. He has written and lectured on constitutional law, executive privilege, and the President's foreign affairs powers. He is the author of a book entitled *War, Foreign Affairs, and Constitutional Power*. ■

INTERNATIONAL LAW

lain, a legal counsellor of Britain's Foreign and Commonwealth Office, wrote of the conventions in a recent article that "there is no effective means of ensuring compliance with their provisions."

Frustration over the refusal of several nations to comply with the anti-hijacking conventions led the economic summit seven to issue a "declaration" at Bonn in 1978. In it, the seven codeclarants, whose airlines account for about 70% of all civil aviation, "jointly resolved that their governments should take immediate action to cease all flights" connected with any country that "refuses extradition or prosecution of those who have hijacked an aircraft and/or do not return such aircraft. . . ." Thus far, the declaration has been invoked only once—against Afghanistan in 1981. On that occasion, moreover, the sanction was imposed only after the declarants had given Afghanistan the 1-year notice, argued by some to be required by bilateral aviation agreements.

If the hijackers are not brought to justice, we will be faced with the option of seeking action under the Bonn declaration. However persistently we pursue this course, it is a difficult one, depending on the will and courage of seven nations, each with independent interests and views.

Let me depress you further with the fact that, even when a hijacker is arrested, that is no assurance he will be brought to justice. Many states will not extradite their own citizens, or will extradite them only for the most heinous crimes. A state that does not provide for the death penalty under its laws may refuse to extradite a person for an offense that could be punished by death in the requesting state, or it might condition extradition on assurances that the death penalty will not be imposed.

An especially important obstacle to extradition is the so-called political-offense exception found in the extradition law of many states. As interpreted by the U.S. courts, this exception prohibits the extradition of any person whose crime, however serious, was committed in the course or in furtherance of civil war, insurrection, or political commotion. Invoking this doctrine, American courts have refused the last four extraditions sought by the executive branch of IRA members guilty of murdering police and military

officials. France has refused to extradite Americans to the United States on this basis, where they claimed to have committed their criminal acts for political reasons, including alleged racial oppression. Of course, a refusal to extradite loses its sting if the requested nation prosecutes the offender but no enforcement mechanism exists to insure that a prosecution will occur, that a meaningful sentence will be imposed and served. And these obstacles, I hasten to add, describe only a few of the difficulties in bringing hijackers to justice.

The Plane

TWA's aircraft remains on the ground at Beirut International Airport, although Article 11 of the Tokyo convention states that the "contracting state in which the aircraft lands . . . shall return the aircraft and its cargo to the persons lawfully entitled to possession." Article 9 of The Hague convention imposes a similar obligation, and the Bonn declaration applies to a nation's refusal to return a hijacked plane.

We are assisting TWA in getting back its plane. The risks associated with using an American crew have complicated the situation. Here, too, the Government of Lebanon claims it is willing to comply with its obligation, but the absence of effective control over the airport has posed substantial obstacles.

Athens and Beirut Airports

Immediately after the hijacking, we took steps to insure that our concerns about security at both the Athens and Beirut airports were made known to the traveling public. Athens airport has been the object of special scrutiny on security grounds for many years, not only by the United States but also by other governments. Deficiencies there had been associated with other terrorist acts, including the hijacking of TWA #847. Given the history of repeated incidents, the issuance of a travel advisory became imperative. The Greek Government has objected to this measure, claiming it to be unfair and discriminatory. We acted reluctantly, however, and only because prior efforts to improve security at Athens had been unsuccessful.

International law obliges all states engaged in international civil aviation to insure adequate security at their airports. In 1974, ICAO [International

Civil Aviation Organization] adopted annex 17 to the Chicago convention on international civil aviation, establishing standards and recommended practices on security. That document has been amended and updated several times as experience warranted, and it is a useful benchmark against which to measure the sufficiency of security standards at airports. We believe, moreover, that when experience demonstrates that special circumstances at a particular airport require more stringent measures than those recommended by ICAO to provide necessary security, those measures must be adopted. Our travel advisory was also a lesser remedy than is expressly authorized by the U.S.-Greece bilateral aviation agreement, which provides for the suspension of all air service for unsafe conditions.

Material improvements have been made at Athens airport, and we are working with the Greek Government to bring about the necessary improvements. The Secretary of State looks forward to being able to lift the advisory at Athens, consistent with his obligation to protect American citizens abroad from unwarranted danger.

Long before the hijacking, the Department of State had advised U.S. citizens that the unstable conditions prevailing in Lebanon made travel through Beirut airport unsafe. In fact, the Beirut airport has been involved in 36 separate terrorist hijackings in recent years. After the latest incident, President Reagan determined (pursuant to Section 1114(A) of the Federal Aviation Act) that Lebanon was acting inconsistently with The Hague Convention for the Suppression of Unlawful Seizure of Aircraft and suspended the rights of all U.S. air carriers to engage in air transportation, direct or indirect, to and from Lebanon, as well as the rights of Lebanese carriers to engage in air transportation to and from the United States.

In addition, Transportation Secretary Dole took actions modifying the authority of Middle East Airlines (MEA) to fly to the United States and prohibiting the sales of air transportation to, from, or through Lebanon (pursuant to the Federal Aviation Act, Sections 402 and 403). We are encouraging like-minded countries to join in these efforts, which we intend to continue until that airport is effectively secured against use by terrorist groups.

The government of Lebanon has objected to these measures, claiming it should not be punished for what it could not control. But it is precisely Lebanon's lack of control that justifies the measures we have adopted. Until Lebanon assumes control, it is our obligation to discontinue air commerce involving that airport. We are ready to cooperate with Lebanon in accomplishing this objective as quickly as possible. Meanwhile we have demonstrated our willingness to allow flights to the United States by Lebanese aircraft, so long as they do not use the Beirut airport. For example, flights of an MEA-leased aircraft between Cairo and New York have not been terminated.

Lebanon also claims that our actions violate the U.S.-Lebanon bilateral aviation agreement. That agreement, like most other aviation bilaterals, requires that disputes be settled through consultation and arbitration and provides that it can be terminated only after 1 year's notice.

We are confident that the measures taken with respect to the Beirut airport are consistent with our bilateral aviation agreement with Lebanon and with our obligations under international law. Air traffic is conducted either without enforceable traffic rights, on the basis of comity and reciprocity, or under bilateral agreements often containing safety and security provisions. Both types of bilateral arrangements complement the basic multilateral framework for international civil aviation, the core of which is the Chicago convention. This multilateral framework places a high priority on the safety of international civil aviation and incorporates, as requirements, the ICAO standards for aviation security and other air terrorism conventions. A specific reference to these ICAO standards is included in Article 6 of the bilateral agreement with Lebanon. Sound commercial practice suggests that acceptable standards of safety and security for aeronautical facilities are an essential precondition to the operation of this network of aviation rights. They are, therefore, an essential element of the consent of a state to be bound to a bilateral accord.

Furthermore, under established principles of international law, an international agreement, such as a bilateral aviation accord, may be terminated or suspended when a provision essential to its object has been violated or when fundamental conditions underlying it have

been changed. The concepts of material breach and fundamental change of circumstance, *rebus sic stantibus* (incorporated in Articles 60 and 62 of the Vienna Convention on the Law of Treaties), can be invoked by parties to bilateral aviation agreements when air safety and security violations warrant. In cases of urgency, these actions can be taken promptly, without notice periods (as Article 65(2) of the Vienna convention reflects).

International law also allows proportionate actions in connection with agreements, in response to breaches of related legal duties. Whatever the provisions of a country's particular bilateral aviation agreement, almost all participants in international civil aviation are party to the Chicago convention, with its airport security standards, and to the air terrorism conventions. The duties of countries under these accords are owed to all states and to the traveling public. Lebanon's conceded inability to insure the minimum degree of safety necessary to permit air transportation services with other countries deprives it of the capacity to insist upon the exercise of reciprocal commercial air rights.

Our bilateral agreements should explicitly provide that air services may be suspended in response to violations of fundamental international obligations. A number of our agreements, including the one with Greece, specifically authorize us to enforce the ICAO standards bilaterally by suspending operating rights. But not all agreements contain such a provision, and most fail to incorporate violations of the Tokyo and The Hague conventions as express grounds for suspending operating rights. We need to re-examine all of our agreements, to urge other nations to do the same, and to take steps to insure that future ones provide for more effective enforcement of international air safety and security obligations. A tight web of such agreements would be a powerful incentive to countries to abide by their solemn commitments to fight terrorism and to insure aviation security.

Conclusion

I am sure that some of you are thinking at this point: Forget about law; let's just go in there and get the killers. And if we can't find them, let's punish the crazed groups to which they belong until they stop harming innocent persons.

The President has warned terrorists and the states which support them that our patience has run out. They had best heed his warning. International law recognizes the right to use force in self-defense against armed attacks. The groups that are responsible for attacking us in Lebanon, El Salvador, and elsewhere have openly announced their intentions to keep on trying to kill Americans. To the extent that they are state supported, or beyond the capacity of their governments to control, we are entitled now to use necessary and proportionate force to end such attacks. This Administration's willingness to use appropriate force in itself has a deterrent and moderating effect on our enemies.

But the possible use of force should not distract us from the role that law can play in this struggle. The President flatly rejected any improper use of force. We cannot become terrorists, he said, in the fight against terrorism.

While force will play its part, the President challenged us last week to develop "a better domestic and international legal framework for dealing with terrorism"—to "deal legally with lawlessness." And we stressed the need to move our focus from the tactical to the strategic and to recognize the international pattern of terrorist activity.

The President has called us to the highest duty lawyers can have. He has asked us to fight, within the constraints of our moral values and legal traditions, an enemy that scorns and exploits our respect for those limiting rules. The inadequacies and obstacles to meaningful legal action against hijacking which I have reviewed today should have demonstrated that we have a great deal of difficult and frustrating work ahead of us.

- We have to create meaningful enforcement mechanisms, through both bilateral and multilateral arrangements, for the obligations stated in antihijacking conventions and in the ICAO standards.

- We need to amend the Bonn declaration to provide for a range of sanctions and for their swift imposition whenever any important aspect of the aviation conventions is violated.

- We must strive to overcome the reluctance even of civilized nations to extradite terrorists. In this connection, we have made important, recent progress. We just signed with the United

Kingdom an amendment to our extradition treaty which will eliminate the political-offense exception for major crimes, such as hijacking and murder. The ABA must join us in seeking Senate confirmation of this important step against terrorism; the gun is not a proper substitute for the ballot box in free societies which offer fair systems of justice.

- We must continue to encourage all like-minded nations to join us in our efforts. One of the most heartening developments of the latest crisis is the cooperation and support we received from virtually all nations, including the United Kingdom, Canada, and Israel, but particularly from concerned Arab states. Almost all the Arab nations condemned the hijacking and murder; Jordan's King Hussein called it the work of mad dogs. Syria and Algeria played constructive roles in helping to get our hostages back, and President Assad may continue to demonstrate good will by helping us retrieve those who remain captives in Lebanon.

- We must organize ourselves more effectively to deal with terrorism by treating international law enforcement as a routine aspect of foreign relations. We will use, in this effort, our new authority to issue rewards for help in bringing those who attack Americans to justice.

- We must get ahead of the terrorists in technology. Just as we have adopted a Strategic Defense Initiative, we need a terrorist defense initiative that enables us to detect and defuse terrorist threats before they can do damage.

The fight against terrorism through law will take ingenuity, endurance, and money. We must harness the outrage we feel over these acts to give us the strength to carry on the struggle. When you start to tire, I suggest you think about the innocent victims of terror, including young Robert Stethem. A passenger on the plane described Stethem's screams as the kind that went on until the very breath went out of his lungs. The thought of those screams will keep me in this fight for as long as it takes to prevail. ■

SDI: Setting the Record Straight

by Kenneth L. Adelman

Address before the Council on Foreign Affairs in Baltimore on August 7, 1985. Ambassador Adelman is Director of the Arms Control and Disarmament Agency (ACDA).

It is a great pleasure to be here this evening before the Baltimore Council on Foreign Affairs. I know firsthand the valuable role such councils play all across the country—particularly in ensuring public awareness of critical issues. Separating fact from fiction in arms control and national security is essential to understand those issues.

The year 1984 is behind us. It was many things, but it was not at all the year George Orwell had depicted. Wars in sundry regions troubled us, but the perpetual wars of Orwell's imagination were nowhere upon us.

Rather, 1984 was most significant for what did not happen. On the 15th of May 1984, the world broke the modern-day record for length of time without major war in Europe—no mean accomplishment. The old record, just short of 39 years, was set between the battle of Waterloo (1815) and the outbreak of the Crimean War (1854).

The year 1984 marked another significant unfolding: the increasing discourse surrounding—and, at times, even enveloping—President Reagan's Strategic Defense Initiative, or SDI. This research program is designed to see if effective defense against nuclear weapons is possible. Over the coming years, the subject will surely come to dominate our discussions on arms control, deterrence, and military strategy—if, indeed, it has not already.

The starting point for any rational discourse on SDI—and many discourses on SDI have not been rational but have been wrapped in and warped by emotion—is a large dosage of modesty at predicting what science and technology can offer in the future. How many times in our history has human ingenuity overcome human expectations and even expert predictions?

To take just a few examples:

- Thomas Edison forecast:

fooling around with alternating currents is just a waste of time. Nobody will use it, ever. It's too dangerous . . . Direct current is safe.

- Simon Newcomb noted in 1903:

Aerial flight is one of that class of problems with which man will never be able to cope.

- Lee DeForrest argued in 1926 that:

While theoretically and technically television may be feasible, commercially and financially I consider it an impossibility, a development of which we need waste little time dreaming.

- Admiral William Leahy, Chief of Staff to President Truman, warned in 1945 that:

The [atomic] bomb will never go off, and I speak as an expert in explosives.

- One scientist argued in 1932 that:

There is not the slightest indication that [nuclear] energy will ever be obtainable. It would mean that the atom would have to be shattered at will.

That scientist was Albert Einstein.

With these and many more examples, one cannot blithely accept the word of some self-anointed "experts" who tell us how a strategic defense can never work, can never be cost effective, can never be stabilizing.

SDI is a fetching subject which inevitably provokes eruptions. Any meeting that drags can be instantly brought to high drama just by mentioning SDI. Too often, however, the public debate is marked by flamboyant rhetoric and stark, unsupported conclusions. To make an impact in our open society, exaggeration seems unavoidable.

Soviet Propaganda Against SDI

Internationally, the issue has been joined as well. Here, too, there is a good deal of emotion and rhetoric on the subject. And, not to be forgotten, the Soviet Union has launched a major propaganda campaign and strategy to stop or at least slow down SDI. The assault involves disinformation and misinformation—a form of "newspeak," to borrow again from 1984. It conforms to Lenin's dictum that what happens outside the negotiating room is far more important than what happens within it.

The lines of Soviet propaganda against SDI often have curious inconsistencies. For example, they cast SDI as a dangerous and destabilizing move that will be met by Soviet counter-

measures, while at the same time saying it is useless and won't work. It can hardly be both—or, as you might ask, "If it won't work, why are the Russians so worried about it?"

But make no mistake about it: one of the Soviets' prime purposes is to try to abort U.S. research on SDI while maintaining their own programs. Not surprisingly, they are jumping into our national debate on SDI.

No such public debates, of course, are allowed in their closed system. This, too, leads to curious positions. They can argue, for example, that the "intent" of their own research program is for purposes other than strategic defense. At one point the Soviets claimed that their laser research was for medical purposes. The problem with that claim is that one of their major laser facilities at Sary Shagan is the size of a couple of football fields—not exactly the size or power for use in cataract or other surgery.

Key Questions Concerning SDI

How should we respond to the numerous questions, concerns, misunderstandings, and even to this Soviet "newspeak"? The truth, I believe, is always the best answer. I wish tonight to address three key questions on SDI. As these issues are likely to gain more than less attention, we should focus on them now.

First, does SDI constitute a breach or anticipatory breach of the ABM [Anti-Ballistic Missile] Treaty?

Second, is SDI wrong in terms of strategic stability, the U.S. strategic position, or U.S. arms control objectives?

Third, is SDI ethically wrong?

SDI and the ABM Treaty. As to whether we are breaking or committing "anticipatory breach" of the ABM Treaty, the answer is flatly "no."

That treaty limits deployment of fixed, land-based ABM systems and prohibits development, testing, or deployment of space-based, sea-based, air-based, or mobile land-based ABM systems and their components. The treaty unmistakably leaves the research doors wide open. That was wise when the treaty was negotiated, and it is wise now in light of potentially promising new technologies. Research increases knowledge and, as Prime Minister Craxi of Italy put it recently, "You cannot put a brake on the human mind."

SDI is a research program only. It does not include development, testing, or deployment inconsistent with the ABM Treaty. President Reagan has made clear that the research efforts will be fully consistent with our international legal obligations, including the ABM Treaty. That requirement definitely affects the configuration of the SDI research program. It will be under constant review to ensure that consistency.

The research on defensive systems, as embodied in the President's initiative, is not only permitted under the ABM Treaty but was actively advocated by the Nixon Administration as a necessary safeguard against Soviet programs. When that treaty stood before the Senate, then Defense Secretary Laird noted that we would "vigorously pursue a comprehensive ABM technology program." While not necessarily as vigorous as this statement suggests, active research programs on ABM technology have been supported by every Administration since 1972.

Critics of SDI argue that the research is "purposeful" and will lead to

[The Soviets] cast SDI as a dangerous and destabilizing move that will be met by Soviet counter-measures, while at the same time saying it is useless and won't work. It can hardly be both. . . .

abrogation of the ABM Treaty. This is basically an argument of anticipatory breach.

Ironically, this argument assumes that we know exactly where technology developments will lead us and how they will affect us. That assumption, whether by critics or by proponents of SDI, is premature at best. No one has a crystal ball or crib sheet in this business. No decisions on development or deployment have been made. Indeed, they could not be made responsibly until the research efforts yield their results over the next several years.

We are doing a lot of research to look at technological developments and their potential for defense against ballistic missiles. Can they work? Can they be cost-effective? Can they be made survivable? How will they impact on deterrence and strategic stability? We do not know answers to these questions today. That is what the major research program is all about.

At any rate, intent behind any research is simply not relevant to the ABM Treaty limitations. The framers made no distinction between permitted and prohibited research or between purposeful and nonpurposeful research. The treaty simply does not prohibit or constrain research in any way, shape, or form.

The Soviets know this and, before SDI came on the scene, they willingly acknowledged it. In a major statement before the Soviet Presidium in 1972, shortly after the treaty was signed, then Soviet Defense Minister Grechko stated that the ABM Treaty "... places no limitations whatsoever on the conducting of research and experimental work directed toward solving the problem of defending the country from nuclear missile strike."

Despite all the focus on SDI's effect on the ABM Treaty, the threats to the treaty lie elsewhere. They lie, first and foremost, in the Soviets' clear violation of the treaty by the location and orientation of a new, large radar at Krasnoyarsk in Siberia. This Soviet action is most disturbing, as the Soviets must have known we would detect such a massive structure, several football fields large. They had to have planned it in the 1970s, not long after signing the ABM Treaty.

The limitation on the construction of such radars was and still is considered a critical constraint of the ABM Treaty, since such radars are a long lead-time item for any nationwide defense, and that is a key prohibition in the treaty. One of our main objectives in the Geneva arms control talks is to reverse this erosion of the ABM Treaty.

And talk about "newspeak": both in public and in the negotiating rooms of Geneva, the Soviets attempt to deny us the right to do what the ABM Treaty clearly allows—that is, conduct research—while asserting a right for themselves to do what the treaty clearly prohibits—that is, construct the Krasnoyarsk radar.

SDI and U.S. Arms Control Objectives. Given that the SDI research program is consistent with the ABM Treaty, the most central question is: will SDI improve deterrence, strengthen stability, and reduce the risk of war?

Surely we all agree that such defenses should be developed or deployed only if they enhance strategic stability. The arguments on strategic stability and the offense-defense relationship were central to the debate in the late 1960s and early 1970s before signing on to the ABM Treaty. What we do not know, and what we need to look at in relation to SDI, is whether newly emerging technologies can change some of those considerations.

Let's look at a relatively simple example. For years it has been assumed—and correctly so—that defenses against ballistic missiles were not cost-effective. No matter how many defenses one side deployed, it would be cheaper for the other side to overwhelm those defenses with decoys or even with more offensive systems. We do not know if that generalization will hold true for future technologies.

We do know, however, that we must scrupulously guard against a vicious cycle of defensive efforts spurring the other side to yet more offensive weapons in order to saturate prospective defenses, and so on and so on. That snowball effect would undercut stability and hinder deterrence.

One way to help this is by engaging the Soviets in frank and factual discussions on strategic stability and the offense-defense relationship. How might strategic defenses, if they prove feasible, enhance the security of both sides? How could the two sides cooperate toward such an end? What kind of transition would be necessary? Detailed talks on these subjects should minimize the possibility of misunderstanding. This is another major area we are pursuing in the Geneva talks.

The survivability of defensive systems is also a central criterion. Vulnerable systems or easy targets can provide incentives for preemptive or first strikes. They are the worst systems in a crisis. If defensive systems can be knocked out or overwhelmed easily, they provide no defense at all. Survivability is, thus, essential to SDI, and it alone will involve considerable research into both passive and active defense measures.

If new technologies do prove out and systems could prove cost-effective and be made survivable, they could be stabilizing, not destabilizing. We can surmise now that even a less than perfect defense could markedly reduce a potential attacker's expectation of success by reducing the likelihood that he might realize the objectives of his attack. And this, after all, constitutes the quintessence of deterrence.

We need not go far for examples. Less vulnerability of our command, con-

[SDI] does not include development, testing, or deployment inconsistent with the ABM Treaty. . . . The treaty simply does not prohibit or constrain research in any way, shape, or form. The Soviets know this and, before SDI came on the scene, they willingly acknowledged it.

trol, communications, and intelligence capabilities is a critical component of a stronger deterrence; less vulnerability of our fixed land-based ICBMs [intercontinental ballistic missiles] also helps keep the peace. If cost-effective, survivable defenses could better protect these components, would we not be better off?

And what about a capability against accidental launch? How many of us recall the novel *Fail-Safe*? As Martin Anderson once described it:

If you live in New York City or Washington and the sirens start wailing, it will be of little consolation to . . . learn that the Soviet Union has apologized profusely for the nuclear bomb that is going to explode.

Would we not all be better off if the President had the option of pushing a second button—one that could destroy incoming missiles—rather than only the button that would destroy people? An effective defense system could provide such a button.

So, is SDI worth the investment of scarce resources? I strongly believe so. If the research pans out, then a resulting program could strengthen deterrence based more upon defense against missiles than solely upon the threat of mutual annihilation. While we do not know what the future holds, we do know that the research effort is a reasonable bet. For some, SDI research stands at the very frontier of today's scientific and technological advancements—in computers, in sensors, in radars, in high-energy particle beams, and in lasers.

On the other hand—even if the technology does not pan out or systems do not prove cost-effective or cannot be made survivable—our SDI research is valuable for other reasons.

Greater understanding of the technologies, their potential, and their drawbacks can give us greater understanding of the threat to the United States—the threat emanating from the Soviets' active defensive programs and research. This is particularly vital in view of the Soviets' breakout potential in ABM systems. Not only have they constructed the permitted ABM system around Moscow, but they may be moving toward a nationwide ABM capability, contrary to the heart and soul of the ABM Treaty. They also have an extensive air defense program. They are engaged in vigorous research on lasers and neutral particle beams for strategic defenses.

They spend some 10 times more than do we on defensive programs overall. Surely the worst outcome would be to tie our own hands on research on defensive systems while the Soviets gained substantial advantage in this realm.

The Ethics of SDI. Finally, is SDI wrong from an ethical standpoint?

The ethics or morality of relying on nuclear deterrence is, as you know, one of the most critical issues of our times. As one who was a religion and philosophy major in college—and as one now deeply involved with nuclear arms control policies—I find the ethical considerations compelling.

The debate on the morality of nuclear deterrence—prompted and reinforced by the U.S. Catholic bishops' pastoral letter in 1983—and the debate on strategic defenses are remarkably similar. We deploy nuclear weapons, not to use them but to make war against the United States and our allies far, far

less likely. In this same vein, if we find out that some defensive systems can reduce the risk of war, they, too, would thereby be morally justified. We cannot simply sit back and forever assume that the only deterrent is the threat of mutual annihilation.

It is not coincidental that over 1,000 clergymen have publicly endorsed SDI research. The declaration claimed "that if a non-nuclear, genuinely defensive system is feasible, then its deployment . . . is not only morally justifiable, but perhaps even obligatory for the American people and their government." To the extent that defensive systems can actually reduce the risks of war—through accident, miscalculation, or deliberate design—it would surely be the right thing to do.

U.S. Nonproliferation Efforts

No task is more important to President Reagan than dealing with the threat of nuclear weapons and nuclear war. As this month marks the 40 years since the use of such weapons over Hiroshima and Nagasaki, we need to rededicate ourselves to the goals that they never be used and that the threat eventually be eliminated.

That task requires a broad and vigorous strategy. Not least in this strategy is our effort to prevent the further spread of nuclear weapons. It would be ironic were we to succeed in reducing substantially U.S. and Soviet nuclear arsenals only to confront a world of many small nuclear powers.

Just over 20 years ago, many smart people feared that the spread of nuclear weapons to dozens of countries was simply unavoidable. President Kennedy, for example, warned of a world of 20-25 nuclear-weapon states by 1975. In 1958 the National Planning Association predicted that every state with a significant military capability would also possess "the bomb."

These predictions have not come true. Instead, working together, the United States and other countries have built up a set of norms, practices, and institutions to prevent the further spread of nuclear weapons. Political alliances and security guarantees have been nurtured and strengthened, reducing incentives for seeking security through nuclear weapons. The safeguards of the International Atomic Energy Agency provide essential confidence that peaceful nuclear activities

are not being misused for military purposes. Export controls and guidelines have been put in place to make it harder for countries seeking nuclear explosives to acquire the needed material and equipment.

A critical cornerstone in this whole foundation is the Nonproliferation Treaty (NPT). It is the most widely accepted arms control treaty to date, with more than 125 states party to it.

Two events—one recent and one upcoming—are important in this never-ending battle against the spread of nuclear weapons. President Reagan's decision last month to authorize signature of a nuclear cooperation agreement between the United States and the People's Republic of China signifies a major event in our nonproliferation effort. It helps ensure that China is part of the nonproliferation solution, not part of the problem.

During the 1960s and 1970s, China rejected nonproliferation norms. It actually portrayed proliferation in a favorable light by openly declaring that the spread of nuclear weapons around the globe would diminish the power of the United States and the Soviet Union and would enhance the opportunities for revolution. China denied that a world of more nuclear-weapon states would be riskier.

China also undertook no international legal obligations, and had no policy, to require safeguards and other controls on its nuclear exports. This naturally quickened our concerns about Chinese actions that could help other countries acquire nuclear explosives. Clearly, herein lay the potential for great harm to global nonproliferation efforts, in both word and deed. Against this background, the United States entered into talks—first in 1981 and then more intensively in 1983—on nuclear cooperation.

With the change in Chinese leadership, with its momentous impact on world politics, we have also seen changes in China's thinking on arms control. Over the past 2 years, the Chinese Government has taken a number of important nonproliferation steps. It has pledged neither to engage in nuclear proliferation nor to help other countries develop nuclear weapons. China joined the over 100 members of the International Atomic Energy Agency and made clear that it would require agency safeguards on its nuclear exports. The Chinese also made it clear that they will implement their policies in

a manner consistent with the basic nonproliferation practices that we and others support so vigorously.

In the short span of 2 years, China has embraced nonproliferation policies and practices, which it had eschewed so vociferously for a quarter of a century. This positive turnabout is of historic significance in efforts to prevent the spread of nuclear weapons.

We, too, can take a measure of pride in this. I believe the lengthy discussions by us and other suppliers with China, combined with the prospect of agreements for peaceful nuclear cooperation, contributed heavily to these Chinese actions.

The second event in the never-ending battle against the spread of nuclear weapons is the Nonproliferation Treaty review conference later this month. More than 125 parties to this treaty will convene in Geneva for 4 weeks to take stock, to ask how well have the treaty's goals been met.

There is little doubt that the treaty has been successful in helping avoid what President Kennedy feared—namely, a world of many nuclear-weapon states. Indeed, since the treaty came into force in 1970, only one additional country has detonated a nuclear explosive. This contrasts with the more than 125 countries that have joined the NPT. The NPT can and will stand on its merits; it is an arms control success.

Considerable progress has been made as well in fulfilling the treaty's goal of making available the benefits of the peaceful atom, especially to developing countries. Many NPT parties now make use of the atom in agriculture, in industry, in medicine, in science, in research, and as a source of energy. We believe that NPT parties should receive special treatment; we have sought to give them preference in funding technical assistance, in providing training, in facilitating exports, in funding power projects, and in other ways.

Less progress than hoped for or desired has been made toward the treaty's goal of an "end to the nuclear arms race." But let there be no doubt about the Reagan Administration's commitment to that goal. We are redoubling efforts to reduce radically both U.S. and Soviet nuclear arsenals. If the Soviets would ever cooperate as well on reducing our respective nuclear weapons as they do on nonproliferation, such reductions could be realized. This would be the best first step in the treaty's vision—and President Reagan's vision—of a world without nuclear weapons. ■

MILITARY AFFAIRS

U.S. to Test ASAT Device

WHITE HOUSE STATEMENT, AUG. 20, 1985¹

The President today submitted to the Congress, in accordance with the 1985 Department of Defense Authorization Act, the certification required by the Congress prior to a test against an object in space of the non-nuclear miniature vehicle antisatellite (ASAT) system which is now in development. The miniature vehicle is launched from an F-15 aircraft. In the certification, the President attests to the Congress that:

- The United States is endeavoring in good faith to negotiate with the Soviet Union a mutual and verifiable agreement with the strictest possible limitations on antisatellite weapons consistent with the national security interests of the United States;
- Pending agreement on such strict limitations, testing against objects in space of the F-15 launched miniature homing vehicle ASAT warhead is necessary to avert clear and irrevocable harm to the national security;
- Such testing would not constitute an irreversible step that would gravely impair prospects for negotiations on antisatellite weapons; and

• Such testing is fully consistent with the rights and obligations of the United States under the 1972 Anti-ballistic Missile (ABM) Treaty, as those rights and obligations exist at the time of testing.

The Soviet Union has for many years had the world's only operational antisatellite system. There is also a growing threat from present and prospective Soviet satellites which are designed to support directly the U.S.S.R.'s terrestrial forces. The United States must develop its own ASAT capability in order to deter Soviet threats to U.S. and allied space systems and, within such limits imposed by international law, to deny any adversary advantages arising from the offensive use of space-based systems which could undermine deterrence. Systematic continued testing is necessary for us to be able to proceed with ASAT development and finally to validate operational capability in order to restore the necessary military balance in this area.

A number of serious problems, including definitional and monitoring difficulties plus the need to counter existing Soviet targeting satellites, con-

tribute to the conclusion that a comprehensive ban on development, testing, deployment, and use of all means of countering satellites is not verifiable or in our national security interest.

Moreover, no arrangements or agreements beyond those already governing military activities in outer space have been found to date that are judged to be in the overall interest of the United States and its allies and that meet congressionally mandated requirements of verifiability and consistency with the national security. We will continue to study possible ASAT limitations in good faith to see whether such limitations are consistent with the national security interests of the United States.

The United States is presently engaged in negotiations with the Soviet Union at Geneva on nuclear arms reductions, defense, and space issues. We believe that ASAT testing can constitute an incentive to the Soviet Union to reach agreements on a wide range of issues.

¹ Text from Weekly Compilation of Presidential Documents of Aug. 26, 1985. ■

Reprocessing and Plutonium Use in Civil Nuclear Programs

by Richard T. Kennedy

Statement before the Subcommittees on Arms Control, International Security, and Science and on International Economic Policy and Trade of the House Foreign Affairs Committee on July 24, 1985. Ambassador Kennedy is U.S. permanent representative to the IAEA and special adviser to the Secretary on nonproliferation policy and nuclear energy affairs.¹

I would like to thank you for this opportunity to appear before the committee to discuss U.S. policy on cooperation with other nations in the areas of nuclear spent fuel reprocessing and use of the derived plutonium in civil nuclear power programs.

I would like to begin by saying that in this area, as in other areas of the civil nuclear fuel cycle, the overriding objective of this Administration is to insure that the policies we follow are fully consistent with achieving our nonproliferation goals. In a policy statement made soon after he took office, President Reagan declared that preventing the spread of nuclear explosives is one of the most critical challenges facing our nation in international affairs. Further proliferation, he said, would pose a severe threat to international peace, regional and global stability, and the security interests of the United States and other countries. He pledged that the United States would seek to prevent the spread of nuclear explosives as a fundamental national security and foreign policy objective.

In a major address before the UN Association of the USA on November 1, 1984, Secretary of State Shultz strongly reaffirmed this basic commitment to reducing the dangers to world peace and global stability posed by the potential spread of nuclear weapons. "It is no exaggeration," he declared, "to say that controlling the spread of nuclear weapons is critical to world peace and, indeed, to human survival. It is a cause that deserves and receives a top priority in our foreign policy."

To underscore the depth of our conviction on this point, I can only reaffirm in the strongest terms this Administration's commitment never to sacrifice its nonproliferation principles for commercial gain or political advantage and its belief that this standard should be a universal norm for all countries.

It is not enough, however, simply to proclaim a nonproliferation policy. That policy must bring results. And to bring results, it must first find support with the world's other nuclear suppliers. The day is long past when the United States could unilaterally dictate the terms and conditions of international nuclear commerce. We no longer enjoy a monopoly over nuclear technology and the ability to supply or deny it as suits our interest. We are not even close to enjoying this privileged position anymore.

We must, therefore, face reality. If our nonproliferation policy is to succeed, we must persuade other countries of the benefits and desirability of supporting U.S. views on critical supply, safeguards, and other nonproliferation issues. We are making good progress in this direction, and I am convinced that it offers by far the best road to insuring that the peaceful use of nuclear energy does not lead to further nuclear explosives proliferation.

And so, as a necessary complement to our strong nonproliferation policy, we are also committed to cooperation with other nations in the peaceful uses of nuclear energy under adequate safeguards and controls.

Motivating Factors for Nuclear Development

Many of the world's industrial and industrializing nations have not been blessed with abundant domestic sources of fossil or other organic fuels. They regard the development of nuclear energy as vital to their national well-being and energy security needs. In order to exploit the potential of nuclear energy to the fullest, a very few of them—certain West European countries and Japan—have developed plans to reprocess spent fuel from existing nuclear power reactors and to use the

separated plutonium as fuel to generate additional electric power. Their plans include the development of breeder and other types of advanced reactors and the use of mixed plutonium oxide and uranium oxide (MOX) fuel in light water power reactors (so-called thermal recycle).

The economic justification for these programs may be debatable. But economics is not the principal motivating factor. Much more important is a determination on the part of these countries to achieve the highest possible degree of self-sufficiency in energy production capability. The oil shocks of the 1970s, along with other developments such as the sweeping changes that occurred in U.S. laws and policies in the late 1970s concerning U.S. nuclear exports, have caused considerable uncertainties in the energy plans of other nations. These nations believe it essential to develop an energy infrastructure less vulnerable to the changing demands of outside energy suppliers.

There are, of course, other motivating factors as well. Some countries with advanced nuclear programs regard reprocessing as a potentially important tool for managing nuclear waste, not just technologically but politically as well. In some countries, it is only the promise that nuclear waste will be reprocessed rather than stored indefinitely that permits governments to overcome opposition to their nuclear power programs on environmental grounds. In these countries U.S. opposition to or interference with reprocessing would be regarded as jeopardizing not just some marginal adjunct to their nuclear programs but the programs themselves.

These are serious concerns, just as plutonium's potential for use in nuclear explosives is a serious concern. We have been faced with the need to develop a realistic policy that takes both sets of concerns into account. And I think we have managed to do this.

Stated very succinctly, it is the policy of the United States not to seek to inhibit or set back such civil reprocessing and civil plutonium use in

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countries with advanced nuclear power programs where it does not constitute a proliferation risk, provided that certain strict conditions and controls are maintained.

The Reagan Administration recognizes full well that plutonium is a dangerous material, the use of which must be carefully controlled and safeguarded. The President has categorically reaffirmed our commitment to inhibiting the transfer of sensitive nuclear material where the danger of proliferation requires restraint. We believe that sensitive nuclear facilities and activities should be limited to those countries where their presence results in no significant risk of proliferation. We have urged that this view be accepted as an international norm. We have initiated and participated in a number of multilateral efforts to improve safeguards on plutonium and to reduce the risk of its use for nonpeaceful purposes. These have included efforts to revise and upgrade the Zangger committee trigger list on exports of reprocessing equipment and close cooperation with the International Atomic Energy Agency (IAEA) and other nations on developing more efficient and effective measures for safeguarding reprocessing plants and facilities where plutonium is present.

We are thus alert to the potential risks and are at the forefront of efforts to minimize them. But at the same time we are simply not in a position to dictate or prescribe a policy on reprocessing and plutonium use to developed countries with advanced nuclear programs that value the capability to use plutonium in meeting their future energy needs.

Misconception About U.S. Consent Rights

There is a misconception that the United States controls the world's plutonium and that all we have to do is say no and reprocessing and plutonium use will quickly come to an end. I would like to correct this misconception. In the case of the European Atomic Energy Community (EURATOM), where much of the planning for breeder reactor development and thermal recycle is taking place, the United States does not presently have consent rights over EURATOM's reprocessing of U.S.-origin spent fuel. According to a recent study by Mr. Myron Kratzer of International

Energy Associates, Ltd., by the year 2000, the EURATOM countries will have accumulated in spent fuel and in separated form more than 330 metric tons of fissile plutonium, none of it subject to U.S. reprocessing controls. Even assuming a new or revised agreement for cooperation granting the U.S. consent rights over all U.S.-origin material, including material we have previously supplied as well as material we might supply in the future, nearly 290 of the 330 metric tons will still not be subject to U.S. consent rights, because it will be derived from non-U.S. sources. I might note that these estimates are based on conservative assumptions regarding the rate of plutonium production in EURATOM from now until the end of the century.

In the case of other advanced nuclear countries where the United States currently does enjoy consent rights, these rights apply only to a portion of the material now present or expected to be present. According to Mr. Kratzer's study, by the year 2000, Japan will have accumulated 11.3 metric tons of fissile plutonium not subject to U.S. control, Spain 18.9 metric tons, Sweden 2.4 metric tons, and Switzerland 4.2 metric tons.

The implication is clear: The United States has no legal basis, nor can it hope to acquire a legal basis, for preventing the advanced nuclear nations of Western Europe and Japan from using large quantities of plutonium in their thermal recycle or fast breeder-reactor programs.

It has been argued, of course, that even in the absence of enforceable consent rights, the United States should seek to persuade these countries against plutonium use, if necessary, by exercising other forms of leverage. But here too some hard facts must be reckoned with.

Use of Plutonium for Energy

The nations of EURATOM and Japan have repeatedly made clear that they regard plutonium use as essential, even crucial, to their civil energy plans. Indeed, they already have large investments in reprocessing technology of their own; active programs of research, development, and demonstration for advanced nuclear fuel cycles using plutonium; and sizable quantities of separated plutonium already available for use. They are intimately familiar

with the arguments against civil plutonium use and they do not find them compelling. If, in the face of this clearly expressed determination on the part of EURATOM and Japan to proceed on their present course, the United States was to attempt to dissuade them by resorting to pressure in this or other areas of our relationship, it would risk a serious unravelling of cooperation not only in nonproliferation matters but also in other areas equally vital to U.S. interest. The price could be heavy, indeed.

It is sometimes argued that reprocessing and use of plutonium in civil nuclear power programs by the industrialized countries will set a "bad example" for countries with developing nuclear programs, which will inevitably seek to imitate the former in this regard. But it is by no means clear that a simple desire to emulate the industrialized world has ever been the primary motivation for any Third World nuclear program. To the extent that emulation is a factor at all, it is much more likely to manifest itself as a desire to match a neighboring country's program step-for-step. And, more importantly, there is no evidence that self-denial on the part of the industrialized world is likely to lead to similar forbearance on the part of Third World nations. It was analogously argued in the late 1970s that U.S. forbearance in reprocessing and civil plutonium use would prompt other countries with advanced nuclear programs to follow a similar path.

Another argument of those who oppose the present U.S. policy on reprocessing and plutonium use is that by encouraging such activities or at least permitting them to go forward it hastens the day when plutonium will be a commodity in routine commercial use and thus more susceptible to diversion or access by nuclear terrorists. It is sometimes added, as a corollary, that the present Administration is not doing enough to defend against nuclear terrorism.

Protections for Plutonium

It is true that increasing use of plutonium in civil nuclear power programs poses new challenges for providing adequate safeguards and physical protection. But we believe these challenges can be met. The United States has taken the lead in developing improved physical protection techniques requisite to insure that plutonium will

not fall into terrorist hands. Plutonium is *not* just another commodity, and it is not and will not be treated as such.

As to the Administration's position on nuclear terrorism, we regard it as a potentially very grave threat to the nation's security. We have taken and will continue to take the necessary and appropriate steps to prevent nuclear terrorism. It was at the initiative of the executive branch that Congress enacted tough criminal legislation in 1982 to cover potential terrorist acts involving nuclear material. Internationally, the Administration has worked vigorously to promote agreement among the major nuclear suppliers to require adequate physical security measures as a condition for their nuclear exports. And it is strongly urging all countries that have not yet signed and/or ratified the Convention on the Physical Protection of Nuclear Material to do so at the earliest possible date.

Implementing U.S. Policy

Let me turn now to the ways in which we are implementing our policy on reprocessing and plutonium use. We are proceeding with caution and prudence.

We have continued the practice of previous Administrations of approving, on a case-by-case basis, requests by advanced nuclear countries, such as Japan and Switzerland, to reprocess U.S.-controlled nuclear material for peaceful use in their civil nuclear programs.

In addition, in the context of seeking new or amended agreements for cooperation that incorporate the more stringent nonproliferation conditions called for by the Nuclear Nonproliferation Act, and in order to help restore confidence in the United States as a reliable supplier, we have discussed with Japan and the countries of EURATOM certain long-term arrangements for reprocessing of material subject to U.S. control and use of the derived plutonium.

More specifically, we have discussed with Japan an advance-consent arrangement for reprocessing, retransfers for reprocessing, and use of plutonium from U.S.-controlled material in a Japanese program for which we have sufficient information to make the necessary statutory determinations. Section 123 of the Atomic Energy Act provides that the President must make a determination that a proposed agreement will promote, and will not constitute an

unreasonable risk to, the common defense and security. In addition, we would not approve reprocessing and retransfers of plutonium for further use unless we determined that these activities would meet the requirements of Section 131 of the act, namely that they not be inimical to the common defense and security and not result in a significant increase in the risk of proliferation.

We envisage that this advance-consent arrangement could include:

- The retransfer of U.S.-origin spent fuel from Japan to facilities in France and the U.K. for reprocessing;
- The reprocessing of U.S.-origin spent fuel at Japan's Tokai-Mura reprocessing plant as well as future reprocessing plants;
- The use of U.S.-origin plutonium in Japan's breeder, advanced reactor, and thermal recycle programs; and
- The return of U.S.-origin separated plutonium from France and the U.K. to Japan for use in the Japanese program.

With respect to EURATOM, the United States does not currently have a right of consent over the reprocessing of U.S.-origin material. In accordance with Section 404 of the Nuclear Nonproliferation Act, we are seeking a new or amended agreement for cooperation with EURATOM containing, *inter alia*, such a right of consent. In the context of seeking this new or amended agreement, we have discussed with EURATOM arrangements for advance, long-term approvals for reprocessing and plutonium use that are essentially the same as those we have discussed with Japan.

In the case of other countries with which we have cooperation agreements, we are prepared to offer advance consent for the transfer of U.S.-origin material to France and the United Kingdom for reprocessing in facilities for which we are able to make the necessary statutory determinations. By way of example, our new agreements for cooperation with Norway and Sweden, which entered into force last year, and our new agreement with Finland, which is now before the Congress, provide U.S. consent in advance to these countries to transfer material subject to the agreements to specified reprocessing facilities in the United Kingdom or France without rechecking with the United States prior to each transfer. In turn, Norway, Sweden, and

Finland are required to keep records of any such transfers and to notify the United States of each one. They are also required to obtain prior confirmation from EURATOM that the material will be held within EURATOM subject to the U.S.-EURATOM agreement for cooperation, to retain legal control over any plutonium separated as a result of the transfer, and to obtain prior agreement for any subsequent transfers to another country or for any use of the plutonium.

It should be noted that these U.S. offers of advance, long-term consent have only been made subject to the stringent conditions in new or amended agreements for cooperation continuing to be met, including adequate safeguards and physical security. Moreover, before entering into such an arrangement, we carefully review whether authorizing these activities will result in a significant increase in the risk of proliferation beyond that existing at the time the approval is requested, giving foremost consideration to whether the reprocessing or transfer will take place under conditions that would insure timely warning to the United States of any diversion. We also retain the ability to terminate the arrangement if we ever judge these conditions no longer to be met.

It is our policy, finally, to permit the export of sensitive U.S. reprocessing technology and equipment to Japan and EURATOM provided that the necessary statutory requirements and Nuclear Supplier Group guidelines are satisfied and provided that the recipient has a continuing commitment to nonproliferation and to strengthening IAEA safeguards and physical protection measures at facilities using or deemed to be derived from the U.S.-supplied sensitive technology or equipment. This policy, too, does no more than recognize reality. Japan and several EURATOM countries are building and will continue to build these facilities with or without U.S. technology and equipment. Our maximum attainable objective thus becomes to insure the strongest possible safeguards and physical protection. Our direct involvement in helping design and equip the facilities will help us to achieve our objective in two ways: It gives us some standing to express our views, and it makes U.S. expertise available to help accomplish the objective.

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Let me make a few general observations regarding our overall policy:

First, it is not one that endorses or encourages the spread of reprocessing and civil plutonium use. Rather, it is one that recognizes that certain major civil nuclear programs involving reprocessing and plutonium use already exist in countries with advanced nuclear programs posing no proliferation risk, that these programs will go forward regardless of any U.S. attempt at dissuasion, and that a more realistic course is, therefore, to work *with* these select countries to help improve safeguards and controls over the sensitive technology and materials that they are using.

Second, it is not a radical departure from past practice. The previous two Administrations, as well as the present one, have acted favorably on requests by certain West European countries and Japan for U.S. consent to reprocessing. These requests have pertained to the reprocessing of U.S.-origin fuels by Japan at Tokai-Mura and the shipment of spent fuel from Japan and a few other advanced countries to France or the United Kingdom for reprocessing. Some of the U.S. approvals, although not contained in agreements for cooperation, have run for a number of years and have not been limited to specific quantities of nuclear material. For example, the U.S. approvals for Japanese reprocessing of U.S.-origin material at Tokai-Mura have permitted reprocessing of U.S.-origin fuel for the Japanese research and development program over a several-year period.

Third, it is a policy that makes rational distinctions between close allies and friends that have advanced nuclear programs, share our nonproliferation objectives, and pose no proliferation risk, on the one hand, and countries that could or do pose such a risk, on the other. We continue to seek to inhibit the spread of sensitive materials and technology to countries and regions where there is a risk of proliferation.

In sum, ours is a carefully circumscribed, measured, and restrained policy that we believe will substantially increase the ability of the United States to influence foreign nuclear programs in ways that will help us to achieve our nonproliferation goals. It is a policy consistent with the approaches adopted by Canada and Australia, countries that have strong nonproliferation policies and, like the United States, insist on consent rights as part of their nuclear export policies.

I would like to close with a few additional thoughts on the theme of constancy in U.S. policy. It is quite apparent that the sharp turns in U.S. nuclear policy in recent years have led to serious friction with our nuclear trading partners and a consequent decline in our ability to win their support for important nonproliferation objectives. Only now, after several years of determined effort and relative stability in our policies, are we beginning to reestablish the United States as a predictable and reliable partner for peaceful nuclear cooperation under a

regime of adequate safeguards and controls. It would damage the national interest to jeopardize these hard-won gains by taking actions that would prompt our close nuclear trading partners once again to question the constancy and reliability of the United States as a partner in peaceful nuclear cooperation.

I cannot emphasize too strongly that a successful nuclear policy must proceed from a basis of mutual respect and trust. The confidence of our allies and friends in the nuclear area is vital. We must be able to work with them if we are to strengthen the nonproliferation regime.

Some may argue that our ability to work with others counts for little if it does not induce them to forego plutonium use. But such an "all-or-nothing" attitude is shortsighted and lacks appreciation of the possibilities open to us. Our leverage, though certainly limited, can pay substantial dividends if realistically applied. Only if we indicate a willingness to understand the needs and objectives of our friends and allies, we can expect them to work with us to assure needed stringent safeguards and security for plutonium use. We are convinced that this is the course most likely to result in the ever stronger nonproliferation regime we seek.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

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U.S. Refugee Program in Southeast Asia

by James N. Purcell, Jr.

Statement before the Subcommittee on Asian and Pacific Affairs of the House Foreign Affairs Committee on July 31, 1985. Mr. Purcell is Director of the Bureau for Refugee Programs.¹

Thank you for this opportunity to testify before you today on the most recent developments in the U.S. refugee program in Southeast Asia. The humanitarian response of the American Government and the American people to the tragic plight of the Indochinese refugees fleeing communist oppression over the past 10 years has been exemplary. On April 25, 1985, Secretary of State Shultz stated in his address to State Department employees marking the 10th anniversary of the fall of South Vietnam:

The work of people in this Department has saved countless lives. Your dedication to the refugees of Indochina marks one of the shining moments of the Foreign Service.

Over the last 10 years persons associated with the U.S. refugee program have compiled a distinguished list of accomplishments on behalf of the Indochinese refugees.

- Since April 1975, we have brought to the United States more than 700,000 Indochinese refugees—who for the most part have successfully integrated themselves into American society.

- Since 1980, we have accepted for resettlement over 35,000 people from Vietnam under the UNHCR's [United Nations High Commissioner for Refugees] orderly departure program—many of whom might have otherwise been tempted to undertake the dangerous clandestine escape from Vietnam by boat.

- Last September, the Secretary announced on behalf of President Reagan a major initiative to bring out of Vietnam all of the Amerasian children and the "reeducation camp" political prisoners. Unhappily, the President's humanitarian gesture on behalf of the political prisoners has not yet been accepted by the Vietnamese. But I assure you we will continue to press for the release of these persons who are of such profound humanitarian concern.

- With regard to the Amerasian children, the results have been particularly noteworthy. In fiscal year 1983,



(UNHCR photo by G. Mann/Lensman)

1,350 Amerasians and their close families were released from Vietnam whereas—due to our continued efforts—this year about 4,000 will be accepted for admission to the United States.

- Meanwhile, we have succeeded in getting the Vietnamese to allow 38 former political prisoners plus 127 family members to leave Vietnam so far this year. And we will continue to press the Vietnamese to allow an increasing number of these persons to leave Vietnam for resettlement and reunion with their families in the United States.

- By contributing about \$250 million in relief assistance, the United States has played the leading role in averting a serious famine in Cambodia and in providing life-sustaining assistance to the Khmer people forced to live a precarious existence along the Thai border by the Vietnamese Army.

- Our refugee assistance and resettlement programs have been an essential element in maintaining regional stability and strengthening the security of our friends and allies in the Association of South East Asian Nations (ASEAN).

- With the particular support of this committee, we have been at the forefront working with the UN High Commissioner for Refugees and the Thai Government in the development and continued improvement of programs to combat the complex problem of pirate attacks on helpless refugees in the Gulf of Thailand—programs that are showing progress.

- In addition, over the last 5 years we have put into place at relatively low cost the largest and possibly finest English-as-a-second-language and cultural orientation program in the world. As a direct result, Indochinese refugees admitted to the United States are entering better prepared to become fully productive and self sufficient members of the cities and communities in which they now reside.

Much of the credit for these accomplishments must go to the various international organizations, private voluntary agencies, and concerned individuals who have made innumerable sacrifices on behalf of refugees. Unfortunately, while the efforts have been great, serious problems remain to be resolved. There are important refugee issues in Southeast Asia—involving the lives and well-being of thousands of persons—which we

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must continue to address. I know that these are as much of a concern to you and your committee as they are to me and my bureau.

First of all, there is the issue of the processing of the Khmer refugees. Although the U.S. refugee program has completed formal processing of Khmer refugees, resettling 120,000 of the original 165,000 under the UNHCR's mandate in Thailand, the revised system that was formalized in February of this year for the review of cases that have been denied resettlement remains in effect and reviews are continuing. This review system is just and equitable and in accordance with U.S. immigration and refugee law. Persons not accepted by the U.S. program, or by other resettlement countries, remain at the Khao-I-Dang refugee holding center. Also in this camp are 4,400 so-called "family cardholders" who were registered by Thai officials in August 1984 but have not yet been permitted by the Thai authorities to apply for resettlement.

In September, 1984 we requested of the Thai that these persons be made available for interviewing by the United States and other resettlement countries. These cardholders receive food and medical services. In addition, another 5,000 unregistered Khmer who entered Khao-I-Dang after August 1984 remain in the camp. They are considered illegal entrants by the Thai and are subject to return to the evacuation sites established for Cambodians driven into Thailand by Vietnamese attacks.

Second, we must all be concerned about the future of the border Khmer. This year marks the sixth time these unfortunate people have had to be evacuated into Thailand for safety. Unlike previous years, however, the current Vietnamese occupation of the border has rendered their safe return uncertain for the time being. The Royal Thai Government has generously permitted them temporary evacuation in Thailand until they can return with safety. We will follow future events carefully to see that their welfare is properly considered.

We are continuing to support programs for the 225,000 Cambodian displaced persons driven into Thailand from the Thai-Cambodian border. As you know, assistance for these people is coordinated by the UN Border Relief Operation (UNBRO), no doubt the most effective UN humanitarian operation in the world today. The visit of Secretary Shultz to one of the evacuation sites on July 9 underlined the longstanding commitment of the United States to assist



(UNHCR photo)

these displaced Khmer. There are a series of on-going concerns stemming from dislocation due to Vietnam's savage attacks—especially health, nutrition, and sanitation. UNBRO, in coordination with the ICRC [International Committee of the Red Cross], is playing a *de facto* protection role in acting as a focal point for grievances and complaints concerning camp security and physical protection. We have consulted with the ICRC concerning increasing its legal protection role in this new situation for the Khmer. These steps, plus consultations with the UN Secretary General's special representative—Dr. [Tatsuro] Kunugi—on facilitating voluntary repatriation when appropriate, remove the need for UNHCR to become involved with this Khmer population.

Third, we note the resolution offered by Congressman [Frank] Wolf and included in the House passed version of the foreign assistance authorization bill requires that the Secretary of State consider establishing a family reunification program for the border Khmer. As you know, the United States, other resettlement countries, and the Government of Thailand have been concerned that were resettlement offered to even a portion of this large population—under whatever name we choose to call it—many more Khmer would be drawn into Thailand in the hope of being resettled. Aside from the dangers they would face from Vietnamese military forces on the border, a major new influx might well lead the Thai Government to consider reversing its present policy of providing temporary asylum to the Khmer. However, because of our concern for reuniting families, we will continue to review family reunion possibilities and report the results of our review to the Congress at the upcoming refugee consultation hearings in September.

Fourth, after months of work with Thai and UNHCR officials, we are able to report that on July 1 the Thai Government began to screen persons crossing the border from Laos in order to determine which of them should be recognized as refugees. The UNHCR participates in the screening interviews as an observer. Those Lao who are found not to be refugees are to be returned to Laos under the terms of a 1979 border agreement between Thailand and Laos. We hope that the screening process will provide an impartial review of those actually seeking asylum in Thailand and permit continuation of first asylum for those facing persecution in Laos.

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Finally, let me mention our intensive work to strengthen international efforts to combat pirate attacks on refugee boats—an effort to which you, Mr. Chairman, have devoted so much attention. At our suggestion, the UNHCR has established a four-person team based in Bangkok devoted exclusively to antipiracy activities, and we have four persons working full-time at the State Department and at the American Embassy in Bangkok to assist in this effort. We are beginning to see an upturn in arrests and convictions of pirates. Improved counseling and medical services are now available to the victims of pirate attacks, and we would like to be able to provide additional services to meet their special needs after they have arrived in the United States. The fight against piracy is far, far from over, but progress is being made.

As you can see, we have made great strides in relieving the tremendous suffering of the Indochinese refugees and we are committed to work intensely on the remaining problems. We are proud of this record of accomplishment and we are proud of our partners in this important enterprise—that is, the international organizations, the private voluntary agencies, first asylum governments, donor nations and, of course, the Congress. That is why it is with great distress and grave worry that I must report to you today that recent congressional budget actions are threatening to undermine this important humanitarian endeavor. The House Appropriations Foreign Operations Subcommittee has cut \$45 million from an already austere Administration budget request of \$338 million for fiscal year 1986. In addition, the conference committee on the State authorization bill has levied a total of \$9 million in earmarks to this budget request. Therefore a total of \$54 million will have to be cut from vitally important programs.

But it gets worse. These programs are protected by the earmarks—total \$75.5 million of our budget request—and cannot legally absorb any of these proposed reductions. This means that programs not protected by any earmark would have to absorb the \$54 million cut. It is those refugee programs which are of paramount interest to this subcommittee: Indochinese refugee care and maintenance (including Khmer border relief) and the U.S. refugee admissions (which are over 70% Indochinese) are among those programs which would suffer the most from these cuts.



(UNHCR photo by G. Mann/Lensman)



(UNHCR photo by M. Munz)

There is no way that the United States can operate a viable, worldwide refugee program within the fiscal constraints imposed by these congressional actions. **Something has to give.** And, tragically what will have to give is the number of refugees we can admit—and the number of refugees we can help feed and clothe.

- Refugee admissions to the United States would have to be reduced by about 15,000 persons, or about 22% of those proposed in the 1986 budget. If these cuts were evenly distributed among all the various geographic regions, the admissions from Indochina, including those from the orderly departure program, would only amount to no more than 38,000 persons. Such a precipitously large and sudden drop, I believe, would bring into serious question the U.S. role in first asylum preservation and the U.S. commitment to the orderly departure program.

- In addition, refugee funds for relief and assistance abroad would be reduced to levels below subsistence and survival. We would be forced to reduce by approximately 30% below this year's level the U.S. contribution toward assistance (for food, shelter, and medicine) to refugees in Southeast Asia, including the Cambodians at the border; and relief and assistance to refugees in such sensitive areas as the Middle East, Pakistan, and Latin America would have to be similarly dropped by 15-20% to dangerously low levels.

I understand the need of the executive branch and the Congress to curb government spending and reduce the deficit. And, I do not want to sound like an alarmist. But I believe I have a responsibility to point out to this committee that we must all acknowledge the special life-and-death nature of our refugee activities abroad and the responsibility to provide the minimal funds necessary to avert disaster.

Because of the longstanding support which you and your colleagues on this committee have so steadfastly extended to the refugee program, I respectfully ask your assistance in assuring that the State Department receive appropriations sufficient to carry out the programs requested in the President's 1986 budget for refugee assistance.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.■

U.S. Offers Reward for Information on Terrorist Attack

WHITE HOUSE ANNOUNCEMENT, JULY 19, 1985¹

Today the U.S. Government announced a reward of up to \$100,000 for information leading to the effective prosecution and punishment of those responsible for the murders of six U.S. citizens on June 19, 1985, in San Salvador, El Salvador. Those with information in El Salvador should notify the investigating authorities of the Salvadoran Government. Those with information in the United States should notify the Office of Security, Department of State. Those with information in any other country should notify the nearest U.S. Embassy. Information received will be handled on a confidential basis, and the identities of informants will be protected. Officers or employees of any governmental organization who furnish information while in performance of official duties are not eligible for the reward.

¹Text from Weekly Compilation of Presidential Documents of July 22, 1985. ■

Security Council Meets on Situation in South Africa

Following are statements by Ambassador Vernon A. Walters, U.S. Permanent Representative to the United Nations, Warren Clark, Jr., U.S. alternate representative to the Security Council, members of the Security Council, and the text of Resolution 569.

AMBASSADOR WALTERS, JULY 25, 1985¹

This is the fourth time in as many weeks that the Security Council has met to discuss issues relating to South Africa. Such a measure of the insecurity and violence that beleaguers the area, bringing anguish to so many.

Today, however, we are not discussing a military strike or the treatment of a government toward its own population. Such a discussion must focus on one overriding goal: What can the world community do to help abolish the system of apartheid, whereby a person—because he or she is not white—is deemed socially and politically inferior?

My country underwent a terrible civil war to rid itself of institutionalized servitude and prejudice. Brother fought against brother until an abhorrent racial system was eliminated. We wish no country to undergo the same hemorrhage of lives and talents that inevitably results when one man seeks to oppress another.

Since the formal instigation of apartheid, the United States has sought—in a variety of ways—to encourage the leaders in Pretoria toward a truly humane government. There are those in this room, who, while sharing our objectives, criticize our means. They say we have not done enough to pressure the South African Government on its internal policies and that no significant change can be effected without totally isolating Pretoria economically and politically.

The United States firmly believes, however, that such isolation will lead to more bloodshed, to increased autarky of the South African economy, a curtailment of external influence to effect change, and, in the end, to greater suffering for the very people we are all trying to help.

The United States condemns unequivocally the system of apartheid. The Administration of President Reagan

holds apartheid directly responsible for the tragic events occurring at this time in South Africa. Particularly under the present state of emergency, we look to the South African Government to exercise its responsibilities in a manner which respects the fundamental rights of all South Africans. The violence and deaths must end now, so that South Africans can proceed to a meaningful dialogue leading to urgent, fundamental reforms and an end to the system of apartheid.

My government has, on numerous occasions over the years, conveyed to the South African Government—in public and private—our firm convictions that apartheid will sooner or later lead the country into chaos. To underscore the seriousness of our conviction, we have undertaken various measures. For example, in an effort to eliminate apartheid, U.S. arms sales to South Africa have been embargoed since 1963, and in 1977 the United States joined the United Nations in imposing a further mandatory arms embargo on South Africa. Our regulations are, in fact, more severe than the UN embargo and restrict U.S. exports to the South African military and police, for items not covered in the UN embargo. In December of last year, the United States joined with other UN Security Council members in voting for an embargo on imports of arms and ammunition produced in South Africa. We have recalled our Ambassador to Pretoria for consultations.

Our commercial relationship is now also restricted. We extend no official credits to South Africa. The Export-Import Bank is essentially prohibited from financing U.S. sales to South Africa except under very restrictive circumstances. The Overseas Private Investment Corporation does not provide investment guarantees for South Africa. Our representative at the International Monetary Fund must “actively oppose any facility involving use of fund credit by any country which practices apartheid” unless the Secretary of the Treasury makes certain certification to Congress. U.S. trade fairs do not travel to South Africa. We carefully review export license applications for the export of, among other things, U.S. crime control equipment to prevent the use of such items in the enforcement of apartheid.

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My government seeks to eradicate apartheid by employing the full power of its diplomacy, by working with elements in South Africa that share a vision of peace and harmony, by encouraging fair employment practices for U.S. companies there, and by involving ourselves in financing programs (\$30 million in 3 years) to give South African blacks better training and opportunities. We are joined by Americans from many walks of life—our companies, which are spending millions of dollars to aid the black working man in South Africa, our press, civic organizations, and other bodies. In short, U.S. policy has teeth.

Furthermore, we believe our actions have had an effect but that extreme

measures will not produce the desired results. We are not convinced, however, that certain elements of the resolution under consideration are suitable means of discouraging apartheid; it can only disrupt the functioning of an economy that has in recent years been increasingly open to blacks and has given them growing power to eliminate apartheid. Between now and the end of the century, the black population of South Africa will double, and thousands of Africans from neighboring states will seek employment as they do now.

The United States will continue to speak out and act against oppression in South Africa. The dignity of mankind is at stake. The situation in South Africa is dangerous. Lives are at stake. It is time for the international community to act responsibly and to use its influence constructively, not to take actions that will have the opposite effect from those intended. We call on all states to join with us in responsible and constructive actions.

SECURITY COUNCIL RESOLUTION 569, JULY 26, 1985²

The Security Council,

Deeply concerned at the worsening of the situation in South Africa and at the continuance of the human suffering that the *apartheid* system, which it strongly condemns, is causing in that country,

Outraged at the repression, and condemning the arbitrary arrests of hundreds of persons,

Considering that the imposition of the state of emergency in 36 districts of the Republic of South Africa constitutes a grave deterioration in the situation in that country,

Considering as totally unacceptable the use by the South African Government of detention without trial and forcible removal, as well as the discriminatory legislation in force,

Acknowledging the legitimacy of the aspirations of the South African population as a whole to benefit from all civil and political rights and to establish a united, non-racial and democratic society,

Acknowledging further that the very cause of the situation in South Africa lies in the policy of *apartheid* and the practices of the South African Government,

1. *Strongly condemns* the *apartheid* system and all the policies and practices deriving therefrom;

2. *Strongly condemns* the mass arrests and detentions recently carried out by the Pretoria Government and the murders which have been committed;

3. *Strongly condemns* the establishment of the state of emergency in the 36 districts in which it has been imposed and demands that it be lifted immediately;

4. *Calls upon* the South African Government to set free immediately and unconditionally all political prisoners and detainees, first of all Mr. Nelson Mandela;

5. *Reaffirms* that only the total elimination of *apartheid* and the establishment in South Africa of a free, united and democratic society on the basis of universal suffrage can lead to a solution;

6. *Urges* States Members of the Organization to adopt measures against South Africa, such as the following:

(a) Suspension of all new investment in South Africa;

(b) Prohibition of the sale of krugerrands and all other coins minted in South Africa;

(c) Restrictions in the field of sports and cultural relations;

(d) Suspension of guaranteed export loans;

(e) Prohibition of all new contracts in the nuclear field;

(f) Prohibition of all sales of computer equipment that may be used by the South African army and police;

7. *Commends* those States which have already adopted voluntary measures against the Pretoria Government and urges them to adopt new provisions, and invites those which have not yet done so to follow their example;

8. *Requests* the Secretary-General to report to it on the implementation of the present resolution;

9. *Decides* to remain seized of the matter and to reconvene as soon as the Secretary-General has issued his report, with a view to considering the progress made in the implementation of the present resolution.

MR. CLARK,
JULY 26, 1985³

The United States supports most of the elements in the resolution this Council has just enacted. The United States wants an end to the state of emergency in South Africa. Clearly, the underlying problem in South Africa is apartheid, and the impatience to see that system change underlies the current turmoil. The Government of South Africa must understand that the question is not whether, but how, apartheid is going to end. We reiterate our call for serious talks between the Government of South Africa and black leaders, aimed at establishing a just society in South Africa.

We will maintain our policy of constructive engagement with South Africans. If there is no voice of reason talking with South Africa, it could lead to results that none of us would wish. However, as we said in our statement before this Council yesterday, we believe that actions to restrict new investment in South Africa both undermine the economy of that country and create additional hardships for blacks in South Africa. Isolating the South Afri-

can economy further with economic sanctions would only do more harm for the black majority in South Africa.

**SECURITY COUNCIL
STATEMENT,
AUG. 21, 1985¹**

The members of the Security Council, deeply alarmed by the worsening and deteriorating situation of the oppressed black majority population in South Africa since the imposition of the state of emergency on 21 July 1985, express once again their profound concern at this deplorable situation.

The members of the Council condemn the Pretoria regime for its continued failure to heed the repeated appeals made by the international community, including Security Council Resolution 569 of 26 July 1985, and in particular the demand made in that resolution for the immediate lifting of the state of emergency.

The members of the Council strongly condemn the continuation of killings and the arbitrary mass arrests and detentions carried out by the Pretoria government. They call, once again, upon the South African Government to set free immediately and unconditionally all political prisoners and detainees, first of all Mr. Nelson Mandela, whose home has lately been subjected to an act of arson.

The members of the Council believe that a just and lasting solution in South Africa must be based on the total eradication of the system of apartheid and the establishment of a free, united, and democratic society in South Africa. Without concrete action toward such a just and lasting solution in South Africa, any pronouncements of the Pretoria regime can represent nothing more than a reaffirmation of its attachment to apartheid and underline its continuing intransigence in the face of mounting domestic and international opposition to the continuation of this thoroughly unjustified political and social system. In this context, they express their grave concern at the latest pronouncements of the President of the Pretoria regime.

¹USUN press release 85.

²Adopted by a vote of 13-0, with 2 abstentions (U.K. and U.S.).

³USUN press release 86.

⁴Read on behalf of all 15 members of the Security Council by the Council's President for August, Soviet Ambassador Oleg Troyanovsky. ■

U.S.-Mexico Bilateral Commission Meets

Secretary Shultz headed the U.S. delegation to the fifth U.S.-Mexico Bilateral Commission meeting in Mexico City July 25-26, 1985.

Following are his remarks at the opening session of the meeting and his statement before departing Mexico City.

**OPENING SESSION
REMARKS,
JULY 25, 1985¹**

All of us are pleased to be in Mexico again for a meeting of the U.S.-Mexico Binational Commission. This is my fourth visit in a little more than 7 years. Each visit has increased my admiration and respect for your culture, your hospitality, and for the graciousness and national pride of the Mexican people. Each visit has also confirmed my belief that constructive, cooperative, and friendly relations are of the utmost importance to both our governments and our people.

U.S. Trade Representative Clayton Yeutter, Under Secretary of Commerce Bruce Smart, Assistant Secretary of State Elliott Abrams, Ambassador Harry Shlaudeman, Assistant Secretary of the Treasury David Mulford, Assistant Secretary Bernard Kalb, our new representatives, Ambassador to the OAS Richard McCormack, along with our Ambassador, of course, are here along with a supporting cast that suggests the importance that we attach to this meeting and this opportunity for an interchange with you.

The meetings of the Binational Commission, the meetings of our two Presidents, and the extensive communications, trade, and personal relationships between our countries show how two major nations can relate to one another in peace, friendship, and mutual respect. They show that we can successfully face and deal with issues that affect both countries. They are testament to the fact that Mexico is one of the most important nations in the world in the eyes of the United States.

We find in our meetings that despite the asymmetry in our relationship, we do have much in common. On occasion we also have different perspectives on matters of common concern. What is

important is that we maintain respect for the opinions of each other and that we seek to expand areas of cooperation for the mutual benefit of our citizens. That is the spirit in which we welcome today's meeting.

There is no more important task for both our governments than to work together for peace and development in this hemisphere. The nations of Central America are developing and have high prospects for the future. Unfortunately, outside forces are seeking to introduce totalitarianism and faulty economic doctrines into the region, preventing change and hampering economic growth. The United States strongly supports democratic reform and equitable social and economic development. Consequently, our economic assistance to Central America this year will be almost \$1 billion, an indicator of our belief that economic progress is essential to peace and stability.

But the problems of Central America are being exacerbated by Soviet and Cuban attempts, working through Nicaragua, to undermine elected governments. We are determined to help the peaceful nations of the region defend themselves from such intervention. We do not seek a military solution. Rather the United States strongly supports the efforts of the Contadora nations to bring about a peaceful settlement.

In our view, a durable peace in Central America requires a comprehensive, verifiable, regional agreement encompassing all the 21 points of the Contadora document of objectives, which all the countries have accepted, including particularly that of national reconciliation in a democratic framework. Mexico and the United States can work together to promote such an outcome.

Since the last Binational Commission meeting in April 1984, we have achieved major progress in strengthening trade and investment relations to our mutual benefit. This April the U.S.-Mexican subsidies agreement was signed, a landmark accomplishment which will facilitate Mexico's trade with the United States.

We also agreed to begin negotiation of a bilateral framework agreement on trade and investment. This is an oppor-

tunity to expand our trade and investment relationship and to improve the efficiency of our economies in a competitive world. It will require understanding and flexibility on both sides to reach an agreement. We will approach these discussions with a positive spirit.

The United States will continue to work with Mexico and other nations to foster the economic growth necessary to raise standards of living and to reduce the burden of debt. Experience demonstrates that development and growth will come only to countries with sound domestic policies that stimulate savings, promote trade, and attract external resources. Mexico has become an example to other countries for its intelligent, disciplined effort to restore its economy, and we look forward to further conversations about your most recent policies.

We have made significant progress over the past year in cooperating on difficult border environmental problems. We are particularly encouraged by the approach agreed upon under our border environment agreement, which is a first step toward resolving the problem of water pollution in the Tijuana-San Diego area. It will be important to move promptly and effectively with the implementation of this agreement to benefit citizens on both sides of the border. Discussions are well underway to address this and other environmental problems along the border.

Both Mexico and the United States have taken casualties in the battle against vicious and destructive narcotics traffickers. Money, greed, and power are their driving principles, and they are a corrosive influence on individuals, families, and governments. They threaten the very foundations of civilized nations. There is no higher priority for my government than to rid society of these criminals. We will not be intimidated, nor will we rest until we have accomplished this objective. We intend to discuss during my meeting today ways to increase the effectiveness of our cooperation against drug trafficking and production.

There are many other matters of mutual concern which we will discuss today. They include fisheries, maritime boundaries, bridges and border crossings, law enforcement cooperation, and the safety of U.S. and Mexican citizens when they visit each other's country. As in our previous meetings, I am confident that we will achieve progress on these matters.

As we discuss the issues and problems, it is important that we not forget that there is a vast amount of daily ongoing cooperation between the United States and Mexico that proceeds smoothly and efficiently. The U.S.-Mexico Boundary and Water Commission is a model for all nations of successful international cooperation.

Every day hundreds of thousands of our citizens cross our borders on legitimate pursuits. The U.S.-Mexican prisoner exchange agreement is an effective and humane arrangement. We cooperate in planning for how to deal with natural disasters, should they occur in our border areas. Steady progress is occurring on bridges and border crossings such as the recently opened Otay Mesa crossing and the nearly completed bridge at Presidio. These are only a few of many examples.

Both our nations and our people can be proud of what we have achieved through discussion, cooperation, and friendship. I am confident that this meeting of the U.S.-Mexican Binational Commission will continue in that spirit and further contribute to our good relations.

DEPARTURE STATEMENT, JULY 26, 1985²

My thanks to President De la Madrid and Foreign Secretary Sepulveda for their gracious hospitality and for the opportunity to discuss thoroughly our mutual concerns and interests. The meeting of the U.S.-Mexico Binational Commission demonstrates that our relations are mature, respectful, and friendly. We discussed the full range of issues and made significant progress on many of them.

We devoted considerable attention to trade and investment issues, an area in which much progress had been made recently. The presence of the U.S. Trade Representative, Clayton Yeutter, and Under Secretary of Commerce Bruce Smart demonstrates the importance which we attach to this subject. We agreed that we should move forward promptly to build on the subsidies agreement signed last April by negotiating a framework agreement on trade and investment. A working group will meet in September, and there will be two other meetings on specific trade issues in August. We believe that such an agreement will bring major trading benefits for both countries.

We are especially pleased by the progress made recently in dealing with a number of environmental problems along the U.S.-Mexican border. We reviewed the results of the very successful environmental meeting held recently in San Diego where steps were announced to resolve the problem of sewage flows which threaten the health of residents of Tijuana and San Diego. A cooperative approach was also agreed upon to deal with the serious problem of air pollution from copper smelters along the border of the States of Arizona and Sonora. This cooperation is further evidence of our ability to resolve difficult problems in a spirit of friendship and respect.

The problems of narcotics are of transcendent importance to us both. We reaffirmed our commitment to increasing cooperation and improved results in combatting illegal drug trafficking, and we look forward to Attorney General Meese's visit with Attorney General Garcia Ramirez in Mexico City in August. We will not rest until the abhorrent narcotics problem is done away with. We appeal to the rest of our friends in the hemisphere to join us in our efforts to end this scourge.

In discussing Mexico's economy, we recognize that Mexico has made a sustained effort under strong leadership over a period of years to adjust its economy and reestablish growth. Significant progress has been accomplished under difficult international economic conditions, requiring significant sacrifices by the Mexican people, and we are heartened to see Mexico's determination to continue. We welcome the significant economic and financial measures announced on July 22nd by President De la Madrid and believe these represent a solid step forward as Mexico adjusts its program to changing international and domestic conditions. We also look forward to efforts by Mexico to broaden its economy for future growth through more open policies encouraging savings and investment.

We discussed cooperation in the upcoming space shuttle flight, in which a Mexican scientist will participate.

We also exchanged views on the situation in Central America. We agreed that it is important to us to cooperate in support of a peaceful political solution to the Central American crisis. I would like to elaborate on this point, to make our position clear.

WESTERN HEMISPHERE

The United States fully supports efforts to achieve a political solution to the Central American crisis. We have given strong support to the efforts of the Central Americans themselves, assisted by the Contadora group, to achieve a negotiated settlement. In our view there exists in the Contadora document of objectives a fair, comprehensive, and balanced framework for such an outcome. We expressed our support for a comprehensive and verifiable implementation of the document of objectives when it was agreed in September 1983. We reaffirm that support today.

The Contadora process is the most appropriate vehicle for achieving a political solution because it aims not only to reduce tensions among states but to promote democratic national reconciliation within states. This is absolutely vital. In the absence of national reconciliation in a democratic framework, no treaty will produce a lasting peace.

Last year the United States held nine rounds of bilateral conversations with the Government of Nicaragua. Our purpose was to reach understandings that could be channeled into the Contadora process and thereby facilitate a successful outcome.

Nicaragua's purpose then, as now, was to negotiate bilateral accords dealing on a priority basis only with its security concerns. The Nicaraguan communists refused then, as they refuse now, even to consider dialogue with the Nicaraguan democratic resistance. These conflicting purposes were never reconciled and hindered progress from the start.

The United States ultimately concluded that the talks were detracting from instead of contributing to a comprehensive Contadora agreement. In deciding in January of this year not to schedule further meetings, we made it clear that we were not closing the door to their possible resumption under appropriate conditions. On June 11, the President made public his readiness to have U.S. representatives meet with representatives of Nicaragua when such a meeting would promote a church-mediated dialogue between the contending factions in Nicaragua and a workable Contadora agreement.

Earlier this week, the Foreign Ministers of Mexico, Panama, Venezuela, and Colombia called for resumption of the Manzanillo talks. We have given this appeal full and serious consideration because we share the Contadora group's concern to achieve peace

in Central America. We do not believe, however, that the appropriate circumstances exist at this time.

We will continue to consult closely with all parties with a view to judging the appropriateness of resumption of bilateral talks. We strongly urge Nicaragua to begin a church-mediated dialogue as proposed by the unified Nicaraguan opposition and to return to multilateral negotiations within the Contadora process to continue work on a comprehensive and verifiable regional accord.

In conclusion, I want to emphasize that U.S.-Mexican discussions within the Binational Commission are important to the maintenance of open, positive, and friendly relations. Neighboring countries will always face important issues. Our desire is to deal with them constructively and to resolve them. Our meetings yesterday and today had that objective. Our fruitful discussions here are an indication of our healthy relationship and ability to deal with common problems in our societies.

I believe we made useful strides to strengthen our relationship and we look forward to a meeting between our Presidents later this year.

¹ Press release 191 of July 26, 1985.

² Press release 195A of Aug. 14. ■

Current Challenges Facing the OAS

by **Richard T. McCormack**

Address before the Organization of American States Permanent Council on August 21, 1985. Ambassador McCormack is U.S. Permanent Representative to the OAS.

I am honored to be here today to join this distinguished company, to work with you on the serious issues which confront this hemisphere. I want to talk to you about the well-being and security of this hemisphere and the role that I think the Organization of American States can play to advance the collective interests of the 600 million people we represent.

During the past 5 years, I have visited more than 20 countries, some of them several times. I have been in hundreds of cities and towns and talked with thousands of the citizens of the

Americas about their hopes and fears, their problems and accomplishments, and the challenges we all face. I want to discuss with you some of those challenges as I see them.

Democracy

First, the peoples of the Americas—both north and south—have spoken strongly for democracy. In almost every country in this hemisphere, there are freely elected governments.

This is a time of triumph for the peoples of the Americas and the principles for which this organization has been the chief draftsman and exponent. Democracy has not always been the norm as all of us well know. It is our first and most important challenge that democracy succeed in every country in this hemisphere. We must, for example, assure that the commitment which the

present Nicaraguan Government made in this room to free and democratic governments is honored. We represent governments here and act on the instructions of those governments. But we, who are the present custodians of this house of the Americas, must let the people of this hemisphere know that we have heard their voice and that we truly believe in the self-determination of peoples. You can be confident that my government will do everything it can toward that end.

Economic Growth

Second, there is the challenge of economic growth. This hemisphere has a remarkable record. This hemisphere set a goal in the 1960s to grow at 2.5% per capita gross domestic product through the 1960s and 1970s. We surpassed that goal, going from 5.3% in the early 1960s

to 6% in the 1966-70 period and then to 7.3% from 1971 to 1974. In two decades, according to data of the Inter-American Development Bank, the Latin American countries tripled their gross domestic product from \$200 billion in 1960 to over \$618 billion by 1981. In every economic sector, there was growth.

This growth has translated into better living for our peoples. As the Inter-American Bank points out, in this 20-year period, potable water supplies increased from 40% to 75% in urban areas or from 41 to 168 million people benefiting. Life expectancy increased, and infant mortality dropped from 9.2 per thousand to 7.2 per thousand. While population was increasing by 70 million, primary education advanced by 186%, secondary by 354% and university education by 782%. From the very youngest to the very oldest, the record of the Americas in the past two decades has been one of hope and opportunity.

Today, the countries of Latin America are going through some difficult times, but no one should doubt the capacity of this hemisphere to solve its problems. Working together we can overcome any obstacle and provide our peoples with freedom and opportunity.

For the past 3 years, I have been deeply involved with the international economic policies in my government, and I have lived with the issues on a daily basis. The fact is that the countries of Latin America grew at the rate of 2% in 1984 after severe downturns in 1982 and 1983. The governments in this hemisphere have demonstrated that they can handle the economic ship of state in difficult weather and get back on course. We are pleased that we could play a constructive role.

Let me be clear. We are not in calm seas. There is much more that needs to be done both by governments represented in this room, by the private sector, and by the international community. Our friends in Europe and Japan must also do their part, and we must work together toward that end. Our task is not easy—in some cases adjustments may continue to be difficult and, for those who have postponed action, it may, indeed, be very painful. Unfortunately, too many of us, in both the public and private sectors, have not always made the wisest use of our available economic resources. We have learned hard lessons. We now know what we must do. But let me be equally clear that the economic health of this hemisphere is as important to the

United States as it is to each of you. Now that this hemisphere is back on course to economic growth, we intend to play a vigorous role in keeping it on track.

Security

Our third challenge is the security of this hemisphere. We know that there are countries which do not wish us well. They have sought to prevent people from voting in open and democratic elections. They have sought to overthrow democratically elected governments. Because of the courage of the people, they have consistently failed, but we know that they will try again. They should know that we will do what is necessary to uphold the principle of nonintervention in the internal affairs of other governments. They should also know that we are all bound by solemn agreement that an attack by any state against an American state shall be considered an attack against all the American states and that we will consult immediately on measures to be taken on any fact or situation that might endanger the peace of the Americas. As I said when I began, the peoples of the Americas have spoken on their preference for democratic government. We here, and the governments we represent, have an obligation to do everything we can to assure that the will of the people is respected, that the opponents of democratic government do not thwart the will of our people.

Putting the OAS in the Forefront

Our fourth challenge is to put this organization in the forefront in meeting the challenges ahead and in speaking for the people and governments of this hemisphere about our goals and aspirations. When Simon Bolivar first called for the establishment of an inter-American organization in 1822, he envisioned that it would:

... serve as a council in great conflict, as a point of contact in common danger, as a faithful interpreter of public treaties when difficulties occur: as a conciliator, in short, of our differences.

We have built on that concept, and this organization has achieved its greatest triumphs in peacekeeping efforts. It played a key role in resolving the conflict in 1969 between Honduras and El Salvador. But that is only one of a long list. We have gone much beyond

that initial vision of Bolivar into other areas that we know provide the essential foundations of a peaceful and vigorous international community.

The OAS developed the concept and finally succeeded in creating an Inter-American Development Bank at Bogota in 1960. The policies urged by this organization played a major role in promoting the economic growth of the 1960s and 1970s.

The Inter-American Human Rights Commission, which is surely one of the organization's greatest achievements, has mobilized the conscience of the Americas and been a beacon of hope not only for people in the hemisphere but also for those outside. It has contributed in substantial measure to the reduction of arbitrary rule and the promotion of democracy.

The OAS has made a significant contribution to cultural exchange and made it possible for many in this hemisphere to receive an education that would not have otherwise been possible. With such programs we have built true understanding and cooperation in this hemisphere.

One of the proudest achievements of this organization and its predecessors over the past 100 years has been to encourage the preservation of our architectural and cultural heritage for future generations. We need to consider ways in which we can keep that tradition active and expanding. One possibility is a major fund-raising initiative from private sources as part of a much larger commemoration of the cinquentennial of the European discovery of America.

The OAS has accepted the challenge in confronting the insidious problem of drug trafficking. This trafficking undermines the effectiveness and justice of public institutions through bribery and intimidation. It taxes the resources of public security forces. We are also aware of cases where the proceeds of drug trafficking have been used to support terrorists and insurgent groups. Today, narcotics blight the promise of millions of young victims in every nation in our hemisphere.

We need to comb the world to identify the most successful local antidrug programs and make this information available to school districts throughout the hemisphere. It is imperative that the school children of this hemisphere see the most detailed and graphic information showing how narcotics diminish the mind, corrupt the personality, and poison the future of those unfortunates

END NOTES

who fall into its deadly embrace. Whatever the OAS can do to raise the consciousness of the hemisphere and combat this terrible problem will have the cooperation of my government and the gratitude of millions of concerned parents in each of our countries.

Despite our past remarkable achievements, and for reasons which are not entirely clear to my government, this organization has fallen into the severest financial crisis in its history. Governments are not meeting their obligations to the organization, and, at present, 90% of all the funds available so far in 1985 have come from the United States.

This clearly is not a healthy situation. It undermines all of the programs I have mentioned on which this organization has been so effective and the very basis of inter-American cooperation. I must frankly tell you that my government is concerned that many members of this organization are not meeting their financial obligations under the OAS Charter.

The Secretary General has made very constructive proposals to resolve the financial difficulties of the OAS. These will be given the most serious consideration by the United States, and I hope that your governments will do the same. This matter should and can be resolved at the upcoming General Assembly in December.

But I believe that the most important action that must be taken to overcome the present crisis in the OAS is for this council to agree on an action program to meet the challenges confronting the Americas in the rest of this decade. Such an action program should have many objectives. For example, it should underscore that this organization, which is the collective voice of the hemisphere, will do everything it can to consolidate and expand the writ of democracy in this hemisphere. It should make clear that this organization, which has made such positive contributions in the past to the concepts and ideas of growth and development, is still working effectively to assure that the return to economic and social growth in the past 2 years continues and expands. It should build on the truth, that the most effective way to provide new jobs on a large scale is to remove existing direct and indirect obstacles to investment and to encourage the initiative of our people and enterprises.

In revitalizing our work program, we also need to make clear that we are serious about our commitments under

the charter of the organization and the Rio Treaty and that victims of overt aggression and external subversion will have our help.

Our program should also demonstrate that we all care deeply about our architectural and cultural heritage and that we will do our part to pass that heritage intact to future generations.

Finally, the people of the Americas, and those who have served before us in this organization for the almost 100 years of its illustrious existence, should see through our actions that we as the present stewards will not allow the OAS to crumble through neglect and indifference but, rather, that we have the energy and absolute determination to solve our financial crisis in the immediate months ahead so that we can carry out a vital and strengthened work program.

This hemisphere is on the march. We have witnessed a resurgence of democracy unlike anything we have seen in many years, and we have made remarkable economic progress in the hemisphere in 1984, progress that continues this year. This organization now has an obligation to build on these accomplishments to provide new ideas, to develop a new consensus to meet the challenges ahead.

I'd like to close on a personal note. More than a year ago, I was in a South American country with my colleagues from our Treasury to work on a debt-related problem. One morning we had a long meeting with bankers and officials in an elegant room in a beautiful building in the capital. There we spent hours talking about debt, adjustment, and other technical matters associated with our problem.

Eventually, the meeting broke up, and we went outside to get into our limousines. And then I noticed a young mother sitting on the sidewalk holding a baby in her arms. She was begging. Standing beside her was a small emaciated boy about 6 years old. He was crying his eyes out. And as I got into my limousine, his little swollen red eyes met mine. And I realized in that instant the sheer human cost of the economic stagnation then existing throughout the region.

The truth is that this small boy can do nothing to help himself. Only those of us in government can provide the framework in which economic growth and development can take place. At this moment in history, this little boy and millions like him look to us for answers. ■

August 1985

The following are some of the significant official U.S. foreign policy actions and statements during the month that are not reported elsewhere in this periodical.

August 1

AID awards a \$7.5 million grant to UNICEF to reduce death and disease among children in developing countries.

August 3-12

Deputy Secretary Whitehead visits Jordan, Egypt, Israel, Saudi Arabia, and Morocco to become directly acquainted with key Middle East leaders.

August 8-9

Ambassador McFarlane, Assistant Secretary Crocker, and Ambassador Nickel meet with South African Foreign Minister Botha in Vienna to discuss the serious situation in South Africa. On August 9, Ambassador McFarlane returns to the U.S. to report to the President.

August 8

A car bombing at the Rhein-Main Air Force Base in West Germany leaves two Americans dead and several other people injured.

August 13-18

Assistant Secretary Murphy travels to Jordan (Aug. 13-15 and Aug. 17-18), Israel (Aug. 15-16) and Egypt (Aug. 16-17) to meet with Middle East leaders and discuss furthering the peace process.

August 14

U.S. and Poland sign an agreement relating to Poland's fishing activities off the coasts of the U.S. The agreement will come into force after the completion of internal procedures by both governments.

August 15

In West Germany, two bombs explode damaging a tower used by the U.S. Armed Forces Radio Network. No injuries are reported.

AID announces emergency actions to transport food supplies to the Sudan for 2 million Sudanese and Chadian refugees in immediate danger of starvation.

August 25-31

U.S. and Soviet Union officials meet in Moscow to discuss expanding agricultural trade. Agriculture Secretary Block heads the U.S. delegation.

TREATIES

August 27-30

AID Administrator McPherson visits Ethiopia (Aug. 27-28) and Sudan (Aug. 29-30) to meet with officials and aid workers and to evaluate the famine relief effort.

August 27-September 4

A U.S. delegation of eight Senators will visit Hungary (Aug. 28-29) and the Soviet Union (Sept. 2-3) for meetings with Secretary General Gorbachev and other Soviet officials. Senate Minority leader Robert Byrd heads the U.S. delegation.

August 27

A special U.S. task force of experts from the National Institutes of Health (NIH) and the Environmental Protection Agency travels to Moscow to collect data and analyse the health implications for U.S. personnel exposed to the chemical tracking agent NPPD. The four-member task force is headed by NIH Dr. Ernest McConnell.

August 28-29

U.S. and Vietnamese delegations meet in Hanoi to discuss the issue of American prisoners-of-war and missing-in-action. National Security Council staff member Richard Childress heads the U.S. delegation. ■

Current Actions

MULTILATERAL

Agriculture

International plant protection convention. Done at Rome Dec. 6, 1951. Entered into force Apr. 3, 1952; for the U.S. Aug. 18, 1972. TIAS 7465.

Adherence deposited: Niger, June 4, 1985.

Amended constitution of the International Rice Commission. Done at Rome Nov. 23, 1961. Entered into force Nov. 23, 1961. TIAS 5204.

Acceptance deposited: Suriname, June 10, 1985.

Aviation, Civil

Memorandum of understanding regarding technical measures to improve the safety of civil aviation in the North Pacific. Done at Tokyo July 29, 1985. Enters into force upon a trilateral exchange of diplomatic notes.

Signatures: Japan, U.S.S.R., U.S., July 29, 1985.

Fisheries

Protocol to amend the international convention of May 14, 1966, for the conservation of Atlantic tunas (TIAS 6767). Done at Paris July 10, 1984¹.

Acceptances deposited: Japan, June 13, 1985; Senegal, June 14, 1985.

Judicial Procedure

Convention abolishing the requirement of legalization for foreign public documents, with annex. Done at The Hague Oct. 5, 1961. Entered into force Jan. 24, 1965; for the U.S. Oct. 15, 1981. TIAS 10072.

Ratification deposited: Turkey, July 31, 1985²

Jute

International agreement on jute and jute products, 1982, with annexes. Done at Geneva Oct. 1, 1982. Entered into force provisionally Jan. 9, 1984.

Accession deposited: Yugoslavia, July 25, 1985.

Marine Pollution

Convention on the prevention of marine pollution by dumping of wastes and other matter, with annexes. Done at London, Mexico City, Moscow, and Washington Dec. 29, 1972. Entered into force Aug. 30, 1975. TIAS 8165.

Accession deposited: St. Lucia, Aug. 23, 1985. Ratifications deposited: Australia, Aug. 21, 1985; Belgium, June 12, 1985.³

Protocol of 1978 relating to the international convention for the prevention of pollution from ships, 1973. Done at London Feb. 17, 1978. Entered into force Oct 2, 1983.

Accession deposited: Iceland, June 25, 1985.⁴

Convention for the protection and development of the marine environment of the wider Caribbean region, with annex. Done at Cartagena Mar. 24, 1983.¹

Signatures: Barbados, Mar. 5, 1984; Guatemala, July 5, 1985.

Ratifications deposited: Barbados, May 28, 1985; Grenada, May 30, 1985; Mexico, Apr. 9, 1985; St. Lucia, Nov. 30, 1984.

Acceptance deposited: Netherlands, Apr. 16, 1984.

Protocol concerning cooperation in combating oil spills in the wider Caribbean region, with annex. Done at Cartagena Mar. 24, 1983.¹

Signatures: Barbados, Mar. 5, 1984;

Guatemala, Aug. 5, 1983.

Ratifications deposited: Barbados, May 28, 1985; Mexico, Apr. 9, 1985.

Acceptance deposited: Netherlands, Apr. 16, 1984.

Protocol of 1984 to amend the international convention on civil liability for oil pollution damage, 1969. Done at London May 24, 1984. Open for signature at London from Dec. 1, 1984, to Nov. 30, 1985. Enters into force 12 months following the date on which 10 states including 6 states each with not less than 2 million units of gross tanker tonnage have deposited instruments of ratification, acceptance, approval, or accession.

Signatures: France, June 14, 1985; Federal Republic of Germany, May 21, 1985; Morocco, June 4, 1985; Portugal, Apr. 24, 1985; U.S., Feb. 12, 1985.

Protocol of 1984 to amend the international convention on the establishment of an international fund for compensation for oil pollution damage, 1971. Done at London May 25, 1984. Open for signature at London from Dec. 1, 1984 to Nov. 30, 1985. Enters into force 12 months following the date on which at least 8 states have deposited instruments of ratification, acceptance, approval, or accession, and certain other requirements have been met.

Signatures: France, June 14, 1985; Federal Republic of Germany, May 21, 1985; Morocco, June 4, 1985; Portugal, Apr. 24, 1985; U.S., Feb. 12, 1985.

Maritime Matters

International convention on maritime search and rescue, 1979, with annex. Done at Hamburg Apr. 27, 1979. Entered into force June 22, 1985.

Approval deposited: China, June 24, 1985.³

Amendments to the international convention on load lines, 1966. Adopted at London Nov. 17, 1983.¹

Acceptance deposited: U.K., June 24, 1985.⁵

Patents—Microorganisms

Budapest treaty on the international recognition of the deposit of microorganisms for the purposes of patent procedure, with regulations. Done at Budapest Apr. 28, 1977.

Entered into force Aug. 19, 1980. TIAS 9768.

Ratification deposited: Finland, June 1, 1985.

TREATIES

Pollution

Convention on long-range transboundary air pollution. Done at Geneva Nov. 13, 1979. Entered into force Mar. 16, 1983. TIAS 10541.

Ratification deposited: Poland, July 19, 1985.

Protocol to the convention on long-range transboundary air pollution of Nov. 13, 1979 (TIAS 10541) concerning monitoring and evaluation of the long-range transmission of air pollutants in Europe (EMEP), with annex. Done at Geneva Sept. 28, 1984.¹

Ratifications deposited: Sweden, Aug. 12, 1985; Switzerland, July 26, 1985.

Postal

Additional protocol to the constitution of the Universal Postal Union. Done at Tokyo Nov. 14, 1969. Entered into force July 1, 1971, except for Art. V which entered into force Jan. 1, 1971. TIAS 7150.

Second additional protocol to the constitution of the Universal Postal Union. Done at Lausanne July 5, 1974. Entered into force Jan. 1, 1976. TIAS 8231.

Ratification deposited: Benin, July 1, 1985.

General regulations of the Universal Postal Union, with final protocol and annex, and the universal postal convention with final protocol and detailed regulations. Done at Rio de Janeiro Oct. 26, 1979. Entered into force July 1, 1981; except for Art. 124 of the general regulations which became effective Jan. 1, 1981. TIAS 9972.

Approval deposited: Indonesia, Mar. 25, 1985; Romania, May 22, 1985.

Ratifications deposited: Benin, July 1, 1985; Iceland, July 9, 1985.

Money orders and postal travelers checks agreement, with detailed regulations with final protocol. Done at Rio de Janeiro Oct. 26, 1979. Entered into force July 1, 1981. TIAS 9973.

Approvals deposited: Indonesia, Mar. 25, 1985; Romania, May 22, 1985.

Ratifications deposited: Benin, July 1, 1985; Iceland, July 9, 1985.

Sugar

International sugar agreement, 1984, with annexes. Done at Geneva July 5, 1984. Entered into force Apr. 4, 1985; provisionally for the U.S. Jan. 1, 1985.

Accession deposited: Iraq, July 30, 1985.

Timber

International tropical timber agreement, 1983, with annexes. Done at Geneva Nov. 18, 1983. Entered into force provisionally Apr. 1, 1985; for the U.S., Apr. 26, 1985.

Acceptance deposited: France, Aug. 6, 1985.

UNIDO

Constitution of the United Nations Industrial Development Organization, with annexes. Adopted at Vienna Apr. 8, 1979.

Entered into force: June 21, 1985.

Ratifications deposited: Angola, Iran, Aug. 9, 1985; Morocco, July 30, 1985; New Zealand, July 19, 1985.

Women

Convention on the elimination of all forms of discrimination against women. Adopted at New York Dec. 18, 1979. Entered into force Sept. 3, 1981.⁶

Accessions deposited: Cyprus, July 23, 1985; Thailand, Aug. 9, 1985.

Ratification deposited: Uganda, July 22, 1985.

BILATERAL

Australia

Agreement concerning the furnishing of launching and associated services for long-duration balloon flights beyond Australia. Effected by exchange of notes at Canberra Jan. 24 and July 24, 1985. Entered into force July 24, 1985.

Canada

Agreement amending the agreement of Mar. 6 and 12, 1942, as amended, (56 Stat. 1451; TIAS 2452), relating to unemployment insurance benefits. Effected by exchange of notes at Ottawa Oct. 29, 1984 and June 21, 1985. Entered into force June 21, 1985.

Chile

Agreement concerning the use of Mataverí Airport, Isla de Pascua, as a space shuttle emergency landing and rescue site. Signed at Santiago Aug. 2, 1985. Enters into force on date on which both governments advise each other, through diplomatic channels, of conclusion of their required internal procedures.

Dominican Republic

Agreements amending the agreement for the sales of agricultural commodities of May 15, 1985. Signed at Santo Domingo Aug. 1 and 19, 1985. Entered into force Aug. 1 and 19, 1985.

Ecuador

Agreement concerning the general security of military information. Effected by exchange of notes at Quito July 12, 1985. Entered into force July 12, 1985.

Finland

Agreement relating to scientific and technical cooperation, with patent annex. Signed at Washington Mar. 22, 1985.

Entered into force: Sept. 15, 1985.

France

Protocol to convention with respect to taxes on income and property of July 28, 1967 (TIAS 6518), as amended by protocols of Oct. 12, 1970 (TIAS 7270) and Nov. 24, 1978 (TIAS 9500). Signed at Paris Jan. 17, 1984.

Ratifications exchanged: Aug. 23, 1985.

Enters into force: Oct. 1, 1985.

Ghana

Agreement for sales of agricultural commodities. Signed at Accra July 31, 1985.

Entered into force July 31, 1985.

Greece

International express mail agreement, with detailed regulations. Signed at Athens and Washington June 5 and 21, 1985. Entered into force July 1, 1985.

Jamaica

Agreements amending the agreement for sale of agricultural commodities of Dec. 17, 1984. Effected by exchanges of notes at Kingston Mar. 19 and 28, 1985, and July 25 and 30, 1985. Entered into force Mar. 28 and July 30, 1985.

Japan

Memorandum of understanding on the participation of Japan in the ocean drilling program, with annex. Signed at Washington June 5, 1985. Entered into force June 5, 1985.

Agreement extending the agreement of Aug. 5, 1975, as amended and extended (TIAS 8172, 9853), on cooperation in the field of environmental protection. Effected by exchange of notes at Tokyo July 31, 1985. Entered into force July 31, 1985; effective Aug. 5, 1985.

Kenya

Agreement for sales of agricultural commodities. Signed at Nairobi July 16, 1985. Entered into force July 16, 1985.

Korea

Agreements amending agreement of Dec. 1, 1982 (TIAS 10611), as amended, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchanges of letters at Washington July 2 and Aug. 18, and Aug. 1 and 13, 1985. Entered into force Aug. 13 and 18, 1985.

Liberia

Agreement for the sale of agricultural commodities. Signed at Monrovia July 22, 1985. Entered into force July 22, 1985.

Maldives

Agreement for sales of agricultural commodities. Signed at Colombo July 13, 1985. Entered into force July 13, 1985.

Mauritania

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annex. Signed at Washington Aug. 14, 1985. Enters into force on receipt by Mauritania of written notice from the U.S. Government that all necessary domestic legal requirements have been fulfilled.

Norway

Memorandum of understanding concerning the operation of the INTELPOST field trial, with details of implementation. Signed at Oslo and Washington July 9 and 25, 1985. Entered into force July 25, 1985.

PRESS RELEASES

Philippines

Arrangement for the exchange of technical information and cooperation in nuclear safety matters, with addenda. Signed at Bethesda and Manila May 24 and June 18, 1985. Entered into force June 18, 1985.

Agreement for sales of agricultural commodities. Signed at Manila July 8, 1985. Entered into force July 8, 1985.

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Manila July 29, 1985. Enters into force on receipt by the Philippines of written notice from the U.S. Government that all necessary domestic legal requirements have been fulfilled.

Poland

Agreement concerning fisheries off the coasts of the U.S. with annexes and agreed minutes. Signed at Washington Aug. 1, 1985. Enters into force on a date to be agreed upon by exchange of notes, following the completion of internal procedures of both governments.

Portugal

Memorandum of understanding concerning the operation of the INTELPOST field trial, with details of implementation. Signed at Lisbon and Washington Apr. 15 and July 3, 1985. Entered into force Aug. 1, 1985.

South Africa

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Effected by exchange of notes at Pretoria Mar. 28 and May 1, 1985. Entered into force May 1, 1985.

Thailand

Agreement amending agreement of July 27 and Aug. 8, 1983, as amended, relating to trade in cotton, wool, and manmade fiber textile and textile products. Effected by exchange of notes at Bangkok May 29 and July 23, 1985. Entered into force July 23, 1985.

Tunisia

Agreement amending the agreement for sale of agricultural commodities of June 7, 1976 (TIAS 8506). Signed at Tunis July 3, 1985. Entered into force July 3, 1985.

U.S.S.R.

Agreement extending the agreement of June 19, 1973, as amended and extended (TIAS 7651, 9349), on cooperation in studies of the world ocean. Effected by exchange of notes at Moscow Mar. 25 and July 30, 1985. Entered into force July 30, 1985; effective Dec. 15, 1985.

United Kingdom

Agreement relating to cooperation in mapping, charting, and geodesy. Signed at Feltham and Washington July 4 and 18, 1985. Entered into force July 18, 1985.

Yugoslavia

Agreement amending and extending the memorandum of understandings effected by the agreement of Mar. 17 and 19, 1982, as amended and extended (TIAS 10450), relating to air transport and nonscheduled air service. Effected by exchange of notes at Belgrade Mar. 20 and Apr. 9, 1985. Entered into force provisionally Apr. 9, 1985; definitively July 2, 1985; effective Apr. 1, 1985.

Zambia

Agreement for the sale of agricultural commodities. Signed at Lusaka July 9, 1985. Entered into force July 9, 1985.

Zaire

Agreement amending the agreement for the sale of agricultural commodities of Dec. 22, 1984. Effected by exchange of notes at Kinshasa July 1 and 3, 1985. Entered into force July 3, 1985.

¹ Not in force.

² With designation.

³ With statement.

⁴ Not a party to (optional) Annexes III, IV, and V of the convention.

⁵ Extended to Bermuda, Hong Kong, and Isle of Man.

⁶ Not in force for the United States. ■

- *204 8/5 Richard Burt sworn in as Ambassador to the Federal Republic of Germany (biographic data).
- *205 8/5 Shultz: news briefing following meeting with Soviet Foreign Minister Shervadnadze, Helsinki, July 31.
- *206 8/14 U.S., Poland sign fisheries agreement, Aug. 1.
- *207 8/14 Thomas M.T. Niles sworn in as Ambassador to Canada, Aug. 13 (biographic data).
- *208 8/19 Elliott Abrams sworn in as Assistant Secretary for Inter-American Affairs, July 17 (biographic data).
- *209 8/19 John Arthur Ferch sworn in as Ambassador to Honduras, July 19 (biographic data).
- *210 8/28 Regional foreign policy conference, Kansas City, Sept. 11.

* Not printed in the BULLETIN. ■

USUN

Press releases may be obtained from the Public Affairs Office, U.S. Mission to the United Nations, 799 United Nations Plaza, New York, N.Y. 10017.

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
196	8/1	Shultz: address at the 10th anniversary commemoration of the signing of the CSCE Final Act, Helsinki, July 30.
*197	8/1	L. Craig Johnstone sworn in as Ambassador to Algeria, July 29 (biographic data).
*198	8/1	Thomas R. Pickering sworn in as Ambassador to Israel, July 22 (biographic data).
*199	8/1	Thomas A. Nassif sworn in as Ambassador to Morocco, July 25 (biographic data).
*200	8/1	Nicholas Ruwe sworn in as Ambassador to Iceland, July 19 (biographic data).
*201	8/1	J. William Middendorf II sworn in as Ambassador to the European Communities, July 19 (biographic data).
*202	8/5	John D. Scanlan sworn in as Ambassador to Yugoslavia, July 17 (biographic data).
*203	8/1	Shultz: interview on Finnish TV, Channel One, Helsinki, July 31.
*1	1/30	Kirkpatrick: resignation announced.
*2	2/5	Rosenstock: Special Committee on Enhancing the Effectiveness of the Principle of Non-Use of Force in International Relations, Feb. 4.
*3	2/11	Keyes: planning and public administration, ECOSOC, Feb. 5.
*4	2/19	Schifter: human rights violations in occupied territories, Human Rights Commission, Feb. 7.
*5	2/12	Sorzano: U.S. participation, Scientific and Technical Affairs Subcommittee, Committee on the Peaceful Uses of Outer Space.
*6	2/19	Viglienzone: committee activities, Scientific and Technical Affairs Subcommittee, Committee on the Peaceful Uses of Outer Space, Feb. 14.
*7	2/19	Kirkpatrick: dedication of native American sculpture, Feb. 27.

PRESS RELEASES

- | | | | | | | | | |
|-----|------|---|-----|------|---|-----|------|---|
| *8 | 2/19 | Morrison: space life, Scientific and Technical Subcommittee, Committee on the Peaceful Uses of Outer Space. | *35 | 5/3 | Feldman: Guam, Subcommittee on Small Territories. | *64 | 6/18 | Grooms: world information and communication, Committee on Information. |
| *9 | 2/19 | Barabba: population, ECOSOC. | *36 | 5/8 | Goodman: Solemn commemorative ceremony, ECOSOC. | *65 | 6/19 | Grooms: Radio Marti, Committee on Information. |
| *10 | 2/20 | Kirkpatrick: Cambodian refugees. | *37 | 5/8 | Lowitz: disarmament, General Assembly. | *66 | 6/19 | Eskin: U.S. activities in space, Committee on the Peaceful Uses of Outer Space. |
| *11 | 2/21 | Morrison: transportation systems, Scientific and Technical Subcommittee, Committee on the Peaceful Uses of Outer Space. | *38 | 5/9 | Scott: nongovernmental organizations, ECOSOC, May 8. | *67 | 6/19 | Clark: Namibia, Security Council. |
| *12 | 2/21 | Morrison: Unispace 82 and space studies, Scientific and Technical Subcommittee, Committee on the Peaceful Uses of Outer Space, Feb. 20. | *39 | 5/9 | Sorzano: Nicaragua, Security Council. | *68 | 6/20 | Grigg: UN Conference on Women, ECOSOC. |
| *13 | 2/22 | Gayoso: development, UNDP Governing Council, Feb. 21. | *40 | 5/9 | Sorzano: Nicaraguan trade embargo, Security Council. | *69 | 6/20 | Grooms: point of order, Committee on Information. |
| *14 | 2/28 | Clark: Lebanon, Security Council. | *41 | 5/10 | Lowitz: disarmament, General Assembly, May 9. | *70 | 6/20 | Clark: Angola, Security Council. |
| *15 | 2/28 | Statement on the death of Ambassador Henry Cabot Lodge. | *42 | 5/13 | Sorzano: Nicaragua, Security Council, May 10. | *71 | 6/21 | Viglienzone: maintaining peace in space, Committee on the Peaceful Uses of Outer Space, June 20. |
| *16 | 3/1 | Schifter: totalitarianism, Human Rights Commission, Geneva, Feb. 21. | *43 | 5/13 | Feldman: Micronesia, Trusteeship Council. | *72 | 6/21 | Clark: South African raid on Botswana, Security Council. |
| *17 | 3/8 | Kirkpatrick: Lebanon, Security Council, Mar. 7. | *44 | 5/14 | Keyes: narcotic drugs, ECOSOC, May 13. | *73 | 6/24 | Brady: population, UNDP Governing Council. |
| *18 | 3/12 | Kirkpatrick: Lebanon, Security Council. | *45 | 5/14 | Herzberg: narcotic drugs, Committee II. | *74 | 6/24 | Eskin: space shuttle, Scientific and Technical Subcommittee, Committee on the Peaceful Uses of Outer Space. |
| *19 | 3/12 | Clark: South Africa, Security Council. | *46 | 5/15 | Sorzano: diplomatic note delivered to Soviet Mission protesting exile of Andrei Sakharov. | *75 | 6/24 | Walters: 40th anniversary of the UN Charter, San Francisco. |
| *20 | 3/21 | Borek: remarks, Legal Subcommittee, Committee on the Peaceful Uses of Outer Space. | *47 | 5/16 | Paul: social development, Committee II. | *76 | 6/25 | Lowell: UNISPACE conference recommendations, Committee on the Peaceful Uses of Outer Space. |
| *21 | 4/3 | Borek: outer space definition and geostationary orbit, Legal Subcommittee, Committee on the Peaceful Uses of Outer Space. | *48 | 5/22 | Sorzano: U.S.S.R. rejects diplomatic note on Sakharovs. | *77 | 6/26 | Borek: nuclear power sources, Legal Subcommittee, Committee on the Peaceful Uses of Outer Space. |
| *22 | 4/9 | Keyes: consumer protection, General Assembly. | *49 | 5/21 | Feldman: Micronesia, Trusteeship Council. | 78 | 6/27 | Shultz: 40th anniversary of the UN Charter, San Francisco, June 26. |
| *23 | 4/11 | Scott: natural resources, ECOSOC, Apr. 10. | *50 | 5/23 | Reagan: women, ECOSOC. | | | |
| *24 | 4/12 | Keyes: assessment process, General Assembly. | *51 | 5/24 | Sorzano: human rights, Committee II. | | | |
| *25 | 4/15 | Keyes: global negotiations, General Assembly, Apr. 12. | *52 | 5/24 | Feldman: Micronesia, Trusteeship Council. | | | |
| *26 | 4/15 | Di Martino: UNICEF, Executive Board. | *53 | 5/28 | Goodman: human rights, ECOSOC, May 24. | | | |
| *27 | 4/17 | Schifter: UNIFIL renewal, Security Council. | *54 | 5/30 | Guth: disarmament, General Assembly. | | | |
| *28 | 4/18 | Cox: women, UNICEF Executive Board. | *55 | 5/31 | Bader: American Samoa, Subcommittee on Small Territories, Decolonization Committee, May 30. | | | |
| *29 | 4/19 | Di Martino: Americas region, UNICEF Executive Board. | *56 | 5/31 | Sorzano: Lebanon, Security Council. | | | |
| *30 | 4/19 | Fleming: Africa programs, UNICEF Executive Board. | *57 | 6/11 | McPherson: UN Development Program, Governing Council, ECOSOC. | | | |
| *31 | 4/24 | Frost: budget and plans, Committee on Administration and Finance, UNICEF. | *58 | 6/12 | Sorzano: Namibia, Security Council. | | | |
| *32 | 5/1 | Reagan: refugee women, High Commission for Refugees, Geneva, Apr. 26. | *59 | 6/13 | Brookner: Virgin Islands, Subcommittee on Small Territories, Decolonization Committee. | | | |
| *33 | 5/1 | Kirkpatrick: refugee women, High Commission for Refugees, Geneva, Apr. 26. | *60 | 6/13 | Walters: Namibia, Security Council. | | | |
| *34 | 5/2 | Dewey: Cambodian refugees. | *61 | 6/17 | Clark: Namibia, Security Council, June 14. | | | |
| | | | *62 | 6/17 | Clark: hostages, Security Council. | | | |
| | | | *63 | 6/18 | Eskin: outer space, Committee on the Peaceful Uses of Outer Space. | | | |

* Not printed in the BULLETIN. ■

PUBLICATIONS

Department of State

Free single copies of the following Department of State publications are available from the Correspondence Management Division, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

Secretary Shultz

Ten Years After the Helsinki Final Act, commemoration of the 10th anniversary of the CSCE Final Act, Helsinki, July 30, 1985 (Current Policy #728).

Africa

The U.S. and South Africa: A Framework for Progress, Assistant Secretary Crocker, Commonwealth Club, San Francisco, Aug. 16, 1985 (Current Policy #732).

Arms Control

SDI: Setting the Record Straight, ACDA Director Adelman, Council on Foreign Relations, Baltimore, Aug. 7, 1985 (Current Policy #730).

East Asia

Recent Security Developments in Korea, Assistant Secretary Wolfowitz, Council on U.S.-Korean Military and Security Studies, Arlington, Va., Aug. 12, 1985 (Current Policy #731).

U.S.-China Nuclear Cooperation Agreement, ACDA Director Adelman, Ambassador Kennedy, and Assistant Secretary Wolfowitz, House Foreign Affairs Committee, July 31, 1985 (Current Policy #729).

Economics

International Aviation (GIST, Aug. 1985).
International Commodity Agreements (GIST, Aug. 1985).

Europe

U.S.-Soviet Relations in the Late 20th Century, National Security Adviser McFarlane, Channel City Club and Women's Forum, Santa Barbara, Aug. 19, 1985 (Current Policy #733).

Terrorism

International Terrorism (GIST, Aug. 1985).

Western Hemisphere

Current Challenges Facing the OAS, Ambassador McCormack, OAS Permanent Council, Aug. 21, 1985 (Current Policy #734). ■

GPO Subscriptions

The following subscriptions are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Checks or money orders, made payable to the Superintendent of Documents, must accompany order.

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Films and Videotapes

The State Department distributes a four-part film series, "The History of U.S. Foreign Relations," and "From Where I Sit," an examination of how public opinion affects foreign policy decisions.

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trol, the film provides a basis for discussion of the kinds of decisions and choices confronting policymakers.

Videotapes

The Department also has available the following videotapes:

The Strategic Defense Initiative (25 minutes): Senior Administration officials explain the rationale for the Strategic Defense Initiative research program, including the basic technologies being investigated, how such a defensive system might protect us from a nuclear attack, and the relative deterrent value of offensive and defensive systems. Also included are discussions of Soviet space defense research, compliance with the ABM Treaty, the reaction of our NATO allies, and the Soviet attitude toward SDI at the Geneva arms control negotiations. This videotape may be supplemented with the Department's Special Report No. 129, *The Strategic Defense Initiative*, June 1985 (8 pp.).

The North Atlantic Treaty Organization (17 minutes): A minidocumentary showing how the members of NATO have coped with the Soviet Union's military and political challenges since World War II. It also describes the overall organization of NATO and its military and political mechanisms.

An excellent Department publication to accompany this tape is the *Atlas of NATO*, February 1985 (24 pp.).

Nuclear Arms and Arms Control (25 minutes): A discussion of nuclear issues by a panel of Administration specialists questioned by a group of college students. The questions include U.S. objectives in arms control, the nuclear freeze proposal, and why the United States will not renounce the first use of nuclear weapons in the event of war in Europe. You may use this videotape in conjunction with the State Department publication *A Short Guide to U.S. Arms Control*, October 1984 (32 pp.).

Central America—The Search for Peace (27 minutes): A tape based on a day-long conference on Central America held at the Department of State. The economic, political, and military situation is discussed as well as U.S. policy and its results. You may supplement this tape with the Department's *Atlas of the Caribbean Basin*, July 1984 (20 pp.).

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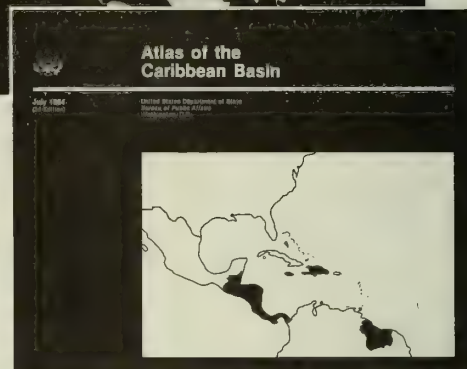
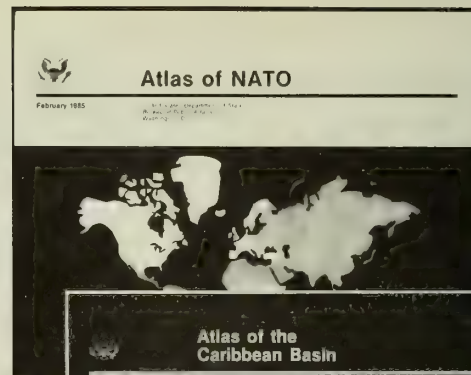
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Department of State ***bulletin***

Volume 85 / Number 2104 / November 1985

Cover: President Reagan.

(White House photo by Michael Evans)

Secretary Shultz at UN General Assembly.

(Department of State photo by Walter Booze)

The DEPARTMENT OF STATE BULLETIN, published by the Office of Public Communication in the Bureau of Public Affairs, is the official record of U.S. foreign policy. Its purpose is to provide the public, the Congress, and government agencies with information on developments in U.S. foreign relations and the work of the Department of State and the Foreign Service.

The BULLETIN's contents include major addresses and news conferences of the President and the Secretary of State; statements made before congressional committees by the Secretary and other senior State Department officials; selected press releases issued by the White House, the Department, and the U.S. Mission to the United Nations; and treaties and other agreements to which the United States is or may become a party. Special features, articles, and other supportive material (such as maps, charts, photographs, and graphs) are published frequently to provide additional information on current issues but should not necessarily be interpreted as official U.S. policy statements.

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*. . . the freer the flow of world trade, the stronger
the tides for human progress and peace among
nations.*

The President's Trade Policy Action Plan

*President Reagan's address before business leaders
and members of the President's Export Council
and Advisory Committee for Trade Negotiations
in the East Room of the White House
on September 23, 1985.¹*

I'm pleased to have this opportunity to be with you to address the pressing question of America's trade challenge for the 1980s and beyond. And let me say at the outset that our trade policy rests firmly on the foundation of free and open markets—free trade.

I, like you, recognize the inescapable conclusion that all of history has taught: the freer the flow of world trade, the stronger the tides for human progress and peace among nations.

I certainly don't have to explain the benefits of free and open markets to you. They produce more jobs, a more productive use of our nation's resources, more rapid innovation, and a higher standard of living. They strengthen our national security because our economy, the bedrock of our defense, is stronger.

Critical Roles of U.S. Government and Business

I'm pleased that the United States has played the critical role of ensuring and promoting an open trading system since World War II. And I know that if we ever faltered in the defense and promotion of the worldwide free trading system, that system will collapse, to the detriment of all.

But our role does not absolve our trading partners from their major responsibility—to support us in seeking a more open trading system. No nation, even one as large and as powerful as the United States, can, by itself, ensure a free trading system. All that we and others have done to provide for the free flow of goods and services and capital is based on cooperation. And our trading partners must join us in working to improve the system of trade that has con-

tributed so much to economic growth and the security of our allies and of ourselves.

And may I say right here to the leaders of industry that my admiration for business in the United States is stronger than ever. You know, sometimes in Washington, there are some who seem to forget what the economy is all about. They give me reports saying the economy does this and the economy will do that. But they never talk about business. And somewhere along the way, these folks in Washington have forgotten that the economy is business. Business creates new products and new services. Business creates jobs. Business creates prosperity for our communities and our nation as a whole. And business is the people that make it work—from the CEO [chief executive officer] to the workers in the factories.

I know, too, that American business has never been afraid to compete. I know that when a trading system follows the rules of free trade, when there is equal opportunity to compete, American business is as innovative, efficient, and competitive as any in the world. I also know that the American worker is as good and productive as any in the world.

Promoting Free and Fair Trade

And that's why to make the international trading system work, all must abide by the rules. All must work to guarantee open markets. Above all else, free trade is, by definition, fair trade. When domestic markets are closed to the exports of others, it is no longer free trade. When governments subsidize their manufacturers and farmers so that they can dump goods in other markets,

it is no longer free trade. When governments permit counterfeiting or copying of American products, it is stealing our future, and it is no longer free trade. When governments assist their exporters in ways that violate international laws, then the playing field is no longer level, and there is no longer free trade. When governments subsidize industries for commercial advantage and underwrite costs, placing an unfair burden on competitors, that is not free trade.

I have worked for 4 years at Versailles and Williamsburg and London and last at Bonn to get our trading partners to dismantle their trade barriers, eliminate their subsidies and other unfair trade practices, enter into negotiations to open markets even further and strengthen GATT [General Agreement on Tariffs and Trade], the international accord that governs worldwide trade. I will continue to do these things.

But I also want the American people and our trading partners to know that we will take all the action that is necessary to pursue our rights and interests in international commerce, under our laws and the GATT, to see that other nations live up to their obligations and their trade agreements with us.

I believe that if trade is not fair for all, then trade is "free" in name only. I will not stand by and watch American businesses fail because of unfair trading practices abroad. I will not stand by and watch American workers lose their jobs because other nations do not play by the rules.

We have put incentives into our own economy to make it grow and create jobs. And, as you know, business has prospered. We have created over 8 million new jobs in the last 33 months. Just since 1980, manufacturing production has increased 17%. But I'm not unmindful that within this prosperity some industries and workers face difficulties. To the workers who have been displaced by industrial shifts within our society, we are committed to help. To those industries that are victims of unfair trade, we will work unceasingly to have those practices eliminated.

Just a few weeks ago, I asked the U.S. Trade Representative [Clayton Yeutter] to initiate unfair trade practice investigations. It's the first time a president has done this. And, as you know, we have self-initiated three such cases that will investigate a Korean law that prohibits fair competition for U.S. insurance firms, a Brazilian law restricting the sale of U.S. high-technology

THE PRESIDENT

products, and Japanese restrictions on the sale of U.S. tobacco products. I have also ordered the U.S. Trade Representative to accelerate the ongoing cases of Common Market restrictions of canned fruit and Japanese prohibitions on imports of our leather and leather footwear.

But I believe more must be done. I am, therefore, today announcing that: I have instructed Ambassador Yeutter to maintain a constant watch and to take action in those instances of unfair trade that will disadvantage American businesses and workers; I have directed the Secretary of the Treasury to work with the Congress to establish a \$300 million fund that will support up to \$1 billion in mixed credit loans. These funds will counter our loss of business to trading partners who use what, in effect, are subsidies to deprive U.S. companies of fair access to world markets. And I've asked that these initiatives be continued until unfair credit subsidies by our trading partners are eliminated through negotiations with them.

I have further instructed Treasury Secretary Jim Baker to inform the participants at the International Monetary Fund and World Bank conferences in Seoul that we will take into consideration the trading practices of other nations in our deliberations and decisionmaking.

A major factor in the growth of our trade deficit has been the combination of our very strong economic performance and the weak economic performance of our major trading partners over the last 4 years. This has limited our exports and contributed to the weakening of other currencies relative to the dollar, thereby encouraging additional imports by the United States and discouraging our exports. Yesterday, I authorized Treasury Secretary Baker to join his counterparts from other major industrial countries to announce measures to promote stronger and more balanced growth in our economies and, thereby, the strengthening of foreign currencies. This will provide better markets for U.S. products and improve the competitive position of our industry, agriculture, and labor.

I have ordered the Secretary of State to seek time limits on negotiations underway to open up markets in specific product areas in Japan.

I have instructed the U.S. Trade Representative to accelerate negotiations with any and all countries where

the counterfeiting and piracy of U.S. goods has occurred to bring these practices to a quick end. And I look forward to working with the Congress to increase efforts to protect patents, copyrights, trademarks, and other intellectual property rights.

And, finally, I am today directing that a strike force be established among the relevant agencies in our government whose task it will be to uncover unfair trading practices used against us and develop and execute strategies and programs to promptly counter and eliminate them.

Working With Congress

I'm also looking forward to working with the Congress to put into place any necessary legislation that would help us promote free and fair trade and secure jobs for American workers. Among the topics that we should jointly consider are:

- Authority to support our new trade-negotiating initiatives that would, among other things, reduce tariffs and attempt to dismantle all other trade barriers;
- To protect intellectual property rights, including trade in articles that infringe U.S. process patents, longer terms for agricultural chemicals, and eliminating Freedom of Information Act abuses that will help our businesses protect their proprietary property;
- To improve our antidumping and countervailing duty laws so that a predictable pricing test covers non-market economies, enabling our companies to have protection against unfair dumping from those countries; we should also improve these laws so that business can have full and rapid protection in receiving help against unfair imports; and
- To amend our trade laws to put a deadline on dispute settlement and to conduct a fast-track procedure for perishable items; we should no longer tolerate 16-year cases and settlements so costly and time consuming that any assistance is ineffective.

I am also directing the Secretary of Labor to explore ways of assisting workers who lose jobs to find gainful employment in other industries, and I look forward to working with Congress in this vital task.

Additionally, I welcome the suggestions of the members of Congress on other potential legislation that has as its object the promotion of free and fair

trade. I will work with them to see that good legislation is passed. Conversely, I will strongly oppose and will veto measures that I believe will harm economic growth, cause loss of jobs, and diminish international trade.

But I do not want to let this discussion pass without reminding all of our ultimate purpose—the expansion of free and open markets everywhere. There are some, well-meaning in motive, who have proposed bills and programs that are purely protectionist in nature. These proposals would raise the costs of the goods and services that American consumers across the land would have to pay. They would invite retaliation by our trading partners abroad; would, in turn, lose jobs for those American workers in industries that would be the victims of such retaliation; would rekindle inflation; would strain international relations; and would impair the stability of the international financial and trading systems.

The net result of these counterproductive proposals would not be to protect consumers or workers or farmers or businesses. In fact, just the reverse would happen. We would lose markets, we would lose jobs, and we would lose our prosperity.

Reducing Impediments to Free Markets

To reduce the impediments to free markets, we will accelerate our efforts to launch a new GATT negotiating round with our trading partners. And we hope that the GATT members will see fit to reduce barriers for trade in agricultural products, services, technologies, investments, and in mature industries. We will seek effective dispute-settlement techniques in these areas. But if these negotiations are not initiated or if insignificant progress is made, I'm instructing our trade negotiators to explore regional and bilateral agreements with other nations.

Here at home we will continue our efforts to reduce excessive government spending and to promote our tax reform proposal that is essential to strengthening our own economy and making U.S. business more competitive in international markets.

Further, we will encourage our trading partners, as agreed upon at the Bonn summit, to accelerate their own economic growth by removing rigidities and imbalances in their economies. And we will encourage them to provide

sound fiscal and monetary policies to have them fully participate in the growth potential that is there for all.

We will seek to strengthen and improve the operation of the international monetary system, and we will encourage the debt-burdened, less developed countries of the world to reduce and eliminate impediments to investments and eliminate internal restrictions that discourage their own economic growth.

The U.S. Commitment

Let me summarize. Our commitment to free trade is undiminished. We will vigorously pursue our policy of promoting free and open markets in this country and around the world. We will insist that all nations face up to their responsibilities of preserving and enhancing free trade everywhere.

But let no one mistake our resolve to oppose any and all unfair trading practices. It is wrong for the American worker and American businessman to continue to bear the burden imposed by those who abuse the world trading system.

We do not want a trade war with other nations; we want other nations to join us in enlarging and enhancing the world trading system for the benefit of all.

We do not want to stop other nations from selling goods in the United States; we want to sell more of our goods to other nations.

We do not dream of protecting America from others' success; we seek to include everyone in the success of the American dream.

¹Text from Weekly Compilation of Presidential Documents of Sept. 30, 1985. ■

News Conference of September 17 (Excerpts)

*Excerpts from President Reagan's news conference of September 17, 1985.*¹

We need stronger growth not just at home but throughout the world. And we must have free and fair trade for all. This is the path of cooperation and success that will make our people more productive and that can lead to a decade of growth and 10 million new jobs in the next 4 years.

But there's another path that can only lead away from opportunity and progress: A mindless stampede toward protectionism will be a one-way trip to economic disaster. That's the lesson of the Smoot-Hawley tariff in 1930, which helped to trigger a worldwide trade war that spread, deepened, and prolonged the worst depression in history. And I know; I lived through that period. I've seen and felt the agony this nation endured because of that dreadful legislation.

If we repeat that same mistake, we'll pay a price again. Americans whose jobs depend upon exports of machinery, commercial aircraft, high-tech electronics, and chemical products could well be the first targets of retaliation. Agriculture and industry, already in great difficulty, would be even more vulnerable. Protectionist tariffs would

invite retaliation that could deliver an economic death blow to literally tens of thousands of American family farms.

We've begun doing many good things for America these last 4½ years. Much remains to be done and can be done. So, let us not place all that progress, all our hopes for the future at risk by starting down on a slippery slope of impulsive acts and imprudent judgment. And this is a time for cool heads and clear vision.

Q. As you head toward the summit, one of the big questions is whether you would be willing to explore the possibility of a tradeoff on the space weapons or big cuts in the Soviet arsenal.

A. No, we're talking about the Strategic Defense Initiative now. I'm sorry that anyone ever used the appellation "Star Wars" for it because it isn't that. It is purely to see if we can find a defensive weapon so that we can get rid of the idea that our deterrence should be the threat of retaliation, whether from the Russians toward us or us toward them, of the slaughter of millions of people by way of nuclear weapons. And rather than that kind of negotiation, I think at this summit meeting what we should take up is the matter of turning toward defensive

weapons as an alternative to this just plain naked nuclear threat of each side saying we can blow up the other. And I would hope that if such a weapon proves practical, that then we can realistically eliminate these horrible offensive weapons—nuclear weapons—entirely.

And I also have to point out that with regard to whether that would be a bargaining chip—which I don't see it as that at all—is the fact that the Soviet Union is already ahead of us in this same kind of research. They have been doing it much longer than us, seeking a defensive weapon also.

Q. And you're really saying, then, that you are not going to negotiate and that you really want to test just to see if it's practical. But aren't you really paving the way toward a militarization of the heavens, because the Soviets are bound to build up a weapon—offensive to counter the "Star Wars"?

A. No, the strategic defense that we're seeking is something that, just as an anti-aircraft gun once could protect you against bombers, could be used against these offensive weapons—the missiles. And it doesn't mean no negotiation at all. As a matter of fact, the side that has not been negotiating—with all of our months and months of meetings in Geneva and the arms talks—is the Soviet Union.

We have offered at least six versions of a possible reduction and six different ways to enlist their interest in negotiating with us in a reduction of warheads. They have come back with nothing. They simply won't discuss it or negotiate.

But the original idea of weapons in space dealt with the thought that, in addition to the present missiles that we have, that somebody would place weapons of that kind in orbit in space with the ability to call them down on any target wherever they wanted to in the world, and we agreed.

This isn't anything of what we're talking about. We're talking about a weapon that won't kill people; it'll kill weapons. And, as I say, they have been exploring this, but there's a great deal of room for negotiation. The room would be if and when such a weapon does prove feasible, then prior to any deployment, to sit down with the other nations of the world and say, "Here. Now, isn't this an answer?"

I don't see it as being something that we would add to our arsenal to increase our ability over them. I see it

THE PRESIDENT

as the time then that you could say, "Isn't this the answer to any of us having nuclear weapons?"

Q. Why has the United States consistently played down expectations of what will happen at the summit meeting when you meet with Mr. Gorbachev in November, even as the Soviet Union has insisted that summit meetings are for grand and important decisions and sought to raise our expectations?

A. It worries me a little bit that they go out of their way to try and raise expectations, in view of summits in the past and what has come of them.

Maybe we were overly concerned, but we were worried that there might build up a euphoria and that people would be expecting something of a near miracle to come out of that summit. But I don't mind saying right now, we take this summit very seriously. And we're going to try to get into real discussions that we would hope could lead to a change in the relationship between the two countries—not that we'll learn to love each other; we won't—but a change in which we can remove this threat of possible war or nuclear attack from between us and that we can recognize that, while we don't like their system and they don't like ours, we have to live in the world together and that we can live there together in peace. And we're going to be very serious about that.

Q. That implies that you think that you will be able to reach some sort of agreement. Can you reach agreement? Or do you think that this will be used mainly to get acquainted?

A. No. This has got to be more than get acquainted, although, that's important, too. As you know, I've said before, I believe that you start solving problems when you stop talking about each other and start talking to each other. And I think it's high time that we talk to each other.

Q. The United States has just had its first successful test of an antisatellite weapons system. We showed the Soviet Union that we could do it. Would this not be an ideal time to stop further ASAT tests and negotiate a ban on such weapons?

A. Here again, this is going to take a lot of verification if you're going to try to do that, because, here again, we were playing catch-up. They already have deployed an antisatellite missile. They can knock down and have knocked down satellites that have been sent up

in their testing, and they've completed all of that testing. And this was our test, and I don't know whether others are necessary to complete the thing, but we couldn't stand by and allow them to have a monopoly on the ability to shoot down satellites when we are so dependent on them for communication, even weather and so forth.

Q. You sent the arms negotiators back to Geneva for the start of the third round of talks that begin in 2 days. Did you send them with any new proposals?

A. No, because they have a great flexibility, and I sent them back with the same thing that we sent them in the first place, and that is that we are to be flexible. We know that there is a difference in the Soviet Union's—the emphasis they place on various weapons systems. They have all the same ones we do—airborne, submarine launched, and so forth. Theirs is a little different strategy than ours. So we said that we proposed a number of warheads as an opener for discussion, that we would reduce to a certain number. As I said earlier, we have presented at least six different ways in which that could be done, and we have made it plain that we're willing to meet whatever are their specific problems with regard to their mix of weapons, that we would find ways to accommodate the differences between us in our strategies.

And so far they have not made a single comment or proposed a different number. They have just been there. And I don't know how much more flexible we can be, but we're there waiting for them to say, well, that number's wrong; let's try another number, or make a proposal of their own. And in spite of the language that's been used in some of the international broadcasts recently by leaders in the Kremlin, none of those proposals, nothing of that kind has ever come to the table for negotiations.

Q. We did conduct an antisatellite weapons test the other day, and the Soviets said that that showed you were not serious about curbing the space race and that it complicated the summit. Why was it necessary to make that test now? Couldn't it have waited until after the summit?

A. No, I don't think so, because, as I said, we're playing catch-up. We're behind, and this was on the schedule that we hoped that we could keep with regard to the development of this weapon. And it wasn't done either

because of or with the summit in mind at all. It was simply time for the test. They've been doing it, and we didn't call them any names.

Q. British Prime Minister Margaret Thatcher met Mr. Gorbachev and said, "I like Mr. Gorbachev. We can do business together." Is it necessary, do you think, that you and Gorbachev like each other at the summit in order to do business?

A. I wasn't going to give him a friendship ring or anything. [Laughter] No, seriously, I believe this. I think she made an observation out of this, and our own people who've been over there—our recent group of Senators who met with him found him a personable individual. I'm sure I will, too. It isn't necessary that we love or even like each other. It's only necessary that we are willing to recognize that for the good of the people we represent, on this side of the ocean and over there, that everyone will be better off if we come to some decisions about the threat of war. We're the only two nations in the world, I believe, that can start a world war. And we're the only two that can prevent it. And I think that's a great responsibility to all of mankind, and we'd better take it seriously.

Q. Some people believe that the Soviets are winning the propaganda war leading up to the summit, that Mr. Gorbachev, in recent days, has made a number of proposals for test moratoria, for a chemical-free zone in Europe, while the United States is testing an antisatellite weapon and, we learned today, a test of a component of SDI. With them talking peace while we're testing weapons of war, is Mr. Gorbachev beating you at your own game?

A. I've not engaged in a propaganda game. I'm getting ready to go to the meeting and take up some things I think should be discussed.

I do think that this is a continuation of a long-time campaign aimed mainly at our allies in Europe and in an effort to build an impression that we may be the villains in the peace and that they're the good guys. I don't think it has registered with our allies, and I'm not going to take it seriously at all. He can practice whatever tactics he wants to. We're going to meet, and we're seriously going to discuss the matters that I've just mentioned here.

Q. You're known as a pretty good negotiator, and some people think that even if you were willing to negotiate on SDI, you wouldn't tell us now; you'd wait for Geneva. Are you telling the American people tonight that you are ruling out any deal with the Soviets at this point on testing, deployment, research, development of SDI?

A. I'm saying that the research to see if such a weapon is feasible is not in violation of any treaty. It's going to continue. That will, one day, involve, if it reaches that point, testing. On the other hand, I stop short of deployment because, as I said then, I'm willing to talk to our allies, talk to them, and talk to the Soviets—to anyone about the meaning of it, if it could be used in such a way as to rid the world of the nuclear threat.

Q. But development and testing—you're ruling out any deal on that? You're ruling out a deal on testing or development?

A. I think that's a legitimate part of research, and, yes, I would rule that out. I don't mind saying here—and normally I don't talk about—as you said, what's going to be your strategy in negotiations. But in this, this is too important to the world to have us be willing to trade that off for a different number of nuclear missiles when there are already more than enough to blow both countries out of the world.

Q. Your sanctions against South Africa seem to have drawn criticism from many sides. Bishop Tutu called you a racist; President Botha says they will impede U.S. efforts to help in the region, and many in Congress are still pressing for stronger measures. What is your answer to these charges, and do you plan to appoint a special envoy to the region as you have in Central America?

A. I think that when you're standing up against a cellophane wall and you're getting shot at from both sides, you must be doing something right. And if it had all come from one direction, I would have looked again and said, "Well, did I miss something here?" But the very fact that both factions are unhappy—one says it goes too far, and the other one says it doesn't go far enough—I must be pretty near the middle.

And what I tried to do was to avoid the kind of sanctions—economic sanctions—that would have militated against the people we're trying to help.

And there have been other leaders over there and leaders against apartheid who have been gratified by what we did. So, we'll see what happens.

Q. For the first time in 70 years, we have become a deficit nation—since 1914. Does this disturb you? Throughout your political life, you have decried deficit spending and our secondary posture in the world of trade. Do you have a solution for this?

A. You used the word deficit; you mean our trade imbalance?

Q. Yes, the fact that we have become a debtor nation for the first time since 1914.

A. Are we? I think this false impression that's being given that a trade imbalance means debtor nation. This isn't our government that is expending more than it is for imports than it is getting back in exports. These are the people of our country and the businesses and the corporations and the individual entrepreneurs.

On one hand, the American people are buying more than the American people are selling. Incidentally, those figures of export and import have some failings in them, some weak spots. They don't include on exports anything that we're getting back for services. There's a lot of technical things I won't get into, because they get too complicated here, about the difference in the two figures.

But let me point something out about this. The deficit that I'm concerned about, that is the most important, and that can be the biggest problem for us and that must be solved, is the deficit in Federal spending—here, our domestic spending. This is the threat to everything that we hold dear.

But the trade imbalance—from 1890—or 1790 to 1875, this country, all that 85 years, ran a trade imbalance. And in those years, we were becoming the great economic power that we are in the world today.

Now we come up to the present. And in the last 33 months, we have seen more than 8 million new jobs created. Yes, we've lost since 1979 1.6 million jobs in manufacturing, but we've added 9 million new jobs in travel and service industries.

We've had this great recovery; we've brought inflation down; the interest rate is coming down—all of these things that we want. This recovery, the greatest one we've known in decades, has been done with this same trade imbalance.

In the 1930's, in that depression that I mentioned earlier in my remarks, in that depression, 25% unemployment—the worst depression the world has ever known—we had a trade surplus every one of those 10 years until World War II ended the depression.

I think this has been exaggerated, and it isn't a case of us being a debtor nation. Another thing we don't count is that from abroad, that is not counted in our export figures are the billions of dollars of foreign capital that has been invested in the United States, invested in our private industries, invested in our government bonds, if you will, things of this kind because we are the best and safest investment in the world today.

Q. Why couldn't all the weapons and all the technology that are currently under rubric of the Strategic Defense Initiative be used offensively as well as defensively and thereby defeat your rationale for a strategic defense? Why couldn't lasers and electronic beam weapons be used offensively and defeat the purpose of the program?

A. I'm sure there must have been some research in things of that kind, but we're definitely seeking a defensive weapon. And one of the things that I believe should be taken up at the summit is to make it plain that we're both willing to look at certainly a mix and see if we can't place more dependence on defensive weapons rather than on destructive weapons that could wipe out populations.

Q. But isn't it fair to assume that the Russians, out of their own sense of military security, are bound to consider the possibility that weapons developed under SDI could be used offensively as well as defensively?

A. I'm not a scientist enough to know about what that would take to make them that way. That isn't what we are researching on or what we're trying to accomplish. And at the moment I have to say the United States—in spite of some of the misinformation that has been spread around—is still well behind the Soviet Union in literally every kind of offensive weapon, both conventional and in the strategic weapons. And we think that we have enough of a deterrent, however, that the retaliation would be more than anyone would want to accept. For 40 years we've maintained the peace, but we've got more years to go, and this threat hangs over all of us worldwide,

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and some day there may come along a madman in the world someplace—everybody knows how to make them anymore—that could make use of these.

It's like when we met in 1925, after the horror of World War I, in Geneva and decided against poison gas any more as a weapon in war. And we went through World War II and down to the defeat of our enemies without anyone using it, because they knew that everyone had it. But they also knew something else. We outlawed poison gas in 1925, but everybody kept their gas masks. I think of this weapon as kind of the gas mask.

Q. This week you'll be meeting with President Machel of Mozambique, who is a Marxist, but he has turned his back on his Soviet allies to cut off the lines of infiltration from the African National Congress to South Africa. What is the *quid pro quo* in this meeting? In other words, what will you do to make President Machel's action worth what it has probably cost him?

A. All I know is that for some time now there has been an indication that he, who had gone so far over to the other camp, was having second thoughts. We just think it's worthwhile to show him another side of the coin, and we think it's worth a try to let him see what our system is and see that he might be welcome in the Western world. And that's why I'm meeting with him.

Q. Mr. President, I'd like to turn, if I might, to the subject of the recent spy scandals and ask you a two-part question. Do the string of West German defections mean that the United States must cut back the amount of sensitive information it shares with NATO? And, secondly, does the Walker spy scandal in the United States suggest to you that perhaps we should reduce the Soviet presence in this country?

A. We've always been aware of the fact that the Soviets had, undoubtedly, more agents in this country than any personnel that we had in theirs; this has been very much on our minds. I don't know just how you can evaluate what might have been compromised. The Walker case somehow doesn't seem to look as big as it did a short time ago now with what we've seen happening in the other countries.

I think that if there has been damage, it's been done already with what they could have conveyed both

ways in this. You know, England, at the same time, has got the defectors from the KGB that have now come to them with information that certainly must make a lot of agents throughout the world wonder when they're going to feel a tap on their shoulder. And we just have to play with this the best we can and hope that, together and between us all, we can establish some means of identifying better those who are loyal.

Q. Can I follow up on that and ask again the first part of the question, and that is whether you feel that now, given these defections in West Germany, that perhaps it's time for us to reevaluate just how much information we share with some of our allies in Europe?

A. I think there's reevaluating that's going on all over the world on that, and I'm sure here, too.

Q. Just returning to trade specifically for a minute. Members of Congress who support the so-called Textile and Apparel Protection Act claim that the U.S. adherence to free trade and our allies' adherence to unfair trade practices has not only cost the jobs of 300,000 workers since 1980 but forced companies here to close down even the newest, most efficient plants in the world. If the shoe were on the other foot, and you represented a textile apparel producing State, how would you explain the President's reluctance to support a bill that seems to be the last, best hope for those industries and also for the 2 million remaining workers in those industries?

A. Again, protectionism is a two-way street. And there is no way that you can try to protect and shield one industry that seems to be having these competitive problems without exposing others. No one ever looks over their shoulder to see who lost their job because of protectionism. We do know the history of the Smoot-Hawley tariff and what it did. There were over a thousand economists that sought the President out at the time and begged him to veto that bill. But in this one with a single industry, if there is an unfairness—and we've already made that plain and made it evident—we are going to, if they're taking advantage in some way in another country—competing unfairly with us—to take action on those items.

For almost 2 years now, I have been begging our allies and trading partners in the GATT [General Agreement on Tariffs and Trade], the general tariff program, to join with us in another round of trade talks to again eliminate whatever holdovers there are of discrimination against someone else's products getting into their country or subsidizing sale at less than production cost in other countries. These things we'll do and we'll do vigorously.

But just plain protectionism—let me point out another problem that no one has considered. You take one product—that kind—and you look at the list of countries, and then you find out we're the biggest exporter in the world. Then you find out that in some of these countries, if we punish them for that one product, we happen to have a trade surplus in that country. How can they stand by on that one thing they're exporting successfully and then say, "But we're buying more from you than we're selling to you in your country."

So, there just is no excuse for protectionism that is simply based on legitimate competition and curbing that competition.

Q. If the current bills which are on the Hill now seeking sweeping trade protectionism were enacted, do you foresee somewhat of a, might say, reenactment of Smoot-Hawley which led to the Depression or certainly deepened it? Do you feel there is a cause and effect there?

A. I don't know. I think there are probably some individuals that haven't learned the lesson or haven't lived long enough to have been around when the Great Depression was on. That's one of the advantages of being a kid my age.

¹Text from Weekly Compilation of Presidential Documents of Sept. 23, 1985. ■

40th Anniversary of the End of World War II in the Pacific

President Reagan's radio address to the nation on August 10, 1985.¹

In a few days, we'll be commemorating V-J Day, the 40th anniversary of the end of the war in the Pacific, which brought to a close the most destructive and widespread conflagration in the history of mankind.

Over 3 million American airmen, soldiers, sailors, and marines served in the Pacific and Asian theaters between 1941-45. They endured some of the most savage combat of the war, from the frozen Aleutian Islands in the north to the jungles of Guadalcanal and the volcanic sands of Iwo Jima.

Our fighting forces came back from the defeat at Pearl Harbor and slugged their way across the Pacific, island by island. Gen. Douglas MacArthur wrote of the American fighting man in the Pacific: "He plods and groans, sweats and toils. He growls and curses. And at the end, he dies, unknown, uncomplaining, with faith in his heart, and on his lips, a prayer for victory."

Well, the victory was won, and our freedom and way of life were preserved because of the courage and honor of those who put their lives on the line four decades ago. The Americans who went through this ordeal of storm and sacrifice, just as their counterparts who battled our enemies in Europe, deserve a special place in the hearts of all those who love liberty.

Vice President Bush might be a little embarrassed if he knew I was going to say this, but he's one of those Americans I'm talking about. As a young fighter pilot in the Pacific, his plane was shot down on a military mission. He came perilously close to losing his life.

If you know any veterans of the Second World War, you might take the time on August 14th to thank them. There are so many heroes among us, and I'm sure they'd like to know how much we appreciate them.

The veterans of the Pacific war should take special pride that today the Pacific rim is blessed with stability and bustling with enterprise and commerce. The hard-fought battles of the Pacific laid the foundation for what is becoming one of the most vibrant regions of the world. The devastation and rubble of the war have given way to great centers of human progress, futuristic metropolises with vast industrial complexes, modernistic transportation systems, and impressive institutions of culture and learning.

Nowhere is this more evident than in Japan, now a close and reliable friend and one of our most important allies. In these last 40 years, the Japanese have transformed bombed-out ruins into a great industrial nation. With few natural resources of their own, they now produce over 10% of all the world's goods and services. They've accomplished this economic miracle with hard work, free enterprise, and low tax rates.

The Japanese are today in so many ways our partners in peace and enterprise. Our economic ties are a great boon to both our peoples. Our good will and cooperation will be maintained by a mutually beneficial trading relationship based on free trade and open markets on both sides of the Pacific.

The great strides forward being made in the Pacific rim bode well for the United States. We are, after all, a Pacific rim country. Already our trade with Pacific and East Asian countries is greater than with any other region of the world. We can look forward to the

future with anticipation of a better tomorrow. The people of our country will be in the forefront of the economic renaissance of the Pacific.

Liberty not only spawns progress, but it is the genesis of true peace as well. As free peoples, it is unthinkable that the Japanese and Americans will ever again go to war. Where there are differences, as there are in the relations of any two great nations, they can be settled in the spirit of good will.

Those brave Americans who fought in the Pacific four decades ago were fighting for a better world. They believed in America and often they gave the last full measure of devotion. One such man was Marine Lt. David Tucker Brown from Alexandria, Virginia. While in the Pacific, he wrote home: "I am more than ever convinced that this is Thomas Jefferson's war, the war of the common man against tyranny and pride. It is really a war for democracy and not for power or materialism." Well, Lieutenant Brown was later killed in action in Okinawa, one of so many brave and courageous young Americans who made the supreme sacrifice.

I think if those brave men were with us today they'd be proud of what has been accomplished. At war's end, with victory in hand, we looked forward, not back. We lived up to our ideals, the ideals of heroes like Lt. David Tucker Brown. And we worked with our former enemies to build a new and better world, a world of freedom and opportunity. That's the America we're all so proud of.

¹Broadcast from the Oval Office at the White House (text from Weekly Compilation of Presidential Documents of Aug. 19, 1985). ■

The Charter's Goals and Today's Realities

*Secretary Shultz's address before
the UN General Assembly in New York City
on September 23, 1985.¹*

Three years ago, when I addressed this body for the first time, I stressed the need for realism. There is probably no other quality so appropriate and necessary for this organization.

But realism does not mean cynicism or even pessimism. It means a clear-sighted appreciation of the opportunities we face, as well as of the obvious problems. It means remembering the many challenges that the world community has overcome and drawing lessons from that. It means understanding that idealism and the yearning for human betterment are themselves part of reality and thus have enormous practical significance.

The founding fathers of the United Nations are sometimes accused of naive utopianism. Supposedly, they ignored the harsh realities of power politics in attempting to create a global system of collective security. I doubt it. The men and women who set up this organization 40 years ago were among the great statesmen of the century. They drafted the Charter as a set of standards for international conduct—knowing full well that the world's nations probably would fall short of those standards but knowing also that the setting of high goals is a necessary precondition to their pursuit and attainment.

The lofty goals of the Charter have a concrete, practical meaning today. They not only point the way to a better world; they reflect some of the most powerful currents at work in the contemporary world. The striving for justice, freedom, progress, and peace is an ever-present and powerful reality that is today, more than ever, impressing itself on international politics.

Our political thinking must catch up to this reality. The policies of nations must adapt to this basic human striving. This organization, too, must adapt to reality; it cannot afford to consume itself

in political warfare and unrealistic posturing. There is work to be done. Let's do it.

The world community faces enormous challenges in three areas:

- In satisfying mankind's yearning for democracy, freedom, and justice;
- In preserving and perfecting global peace and stability; and
- In spreading economic prosperity and progress.

The Democratic Revolution

First, the quest for democracy and freedom: since the end of the Second World War, modern communication has opened the eyes of most of the world's peoples to the realization that they do not have to live their lives in poverty and despair—that, on the contrary, the blessings of prosperity and liberty known in the past only by a relative few can be theirs as well. The ideals for which the war was fought, and the spread of democracy and of prosperity in the industrialized world since, created an explosion of expectations.

The result has been, in recent years, a revolution of democratic aspirations sweeping the world. At the time of the San Francisco conference in 1945, most of the nations represented in this hall today were not independent states but possessions—colonies of European empires. The vast number of languages, cultures, and traditions I can now see before me testifies to the revolution in the world order. The old empires eventually had to accept the postwar reality of self-determination and national independence.

Much of the conflict in the world today stems from the refusal of some governments to accept the reality that the aspirations of people for democracy and freedom simply cannot be suppressed forever by force.

In South Africa, these aspirations on the part of the black majority have—as never before—drawn global attention and support. Change is inevitable. The issue is not whether apartheid is to be dismantled but how and when. And then, what replaces it: race war, blood-bath, and new forms of injustice or political accommodation and racial co-existence in a just society? The outcome depends on whether and how quickly the South African Government can accept the new reality and on whether men and women of peace on both sides can seize the opportunity before it is too late.

This much is clear: there must be negotiation among South Africans of all races on constitutional reform. True peace will come only when the government negotiates with—rather than locks up—representative black leaders. The violence will end only when all parties begin a mutual search for a just system of governance.

One area where the future has brightened in the past 5 years, as the aspirations of the people for democracy have been met in country after country, is Latin America. In contrast to only 30% in 1979, today more than 90% of the people of Latin America live under governments that are either democratic or clearly on the road to democracy.

In Central America, El Salvador—under the courageous leadership of President Duarte—has shown that democracy can take root and thrive even in the most difficult terrain. Its citizens braved extremist violence to participate overwhelmingly in four free elections since 1982. Their president's current personal ordeal only serves to underscore the sacrifices thousands of Salvadorans continue to make as they fight to realize the ideals of the UN Charter. For this commitment they should be applauded by all members. Ironically, El Salvador is today the only democracy subject to the scrutiny of a special rapporteur for human rights.

Among El Salvador's neighbors, Costa Rica has long been the region's beacon of representative government; Honduras is about to replace one freely elected government with another; and Guatemala is about to join them as a democratic nation with election of a president in November. These developments should enhance regional cooperation for economic development, which the United States supports through our Caribbean Basin Initiative and President Reagan's initiative for peace, development, and democracy.



(Department of State photo by Walter Boeze)

Secretary Shultz addressing the UN General Assembly.

But regional peace in Central America is threatened by the rulers of Nicaragua and their Soviet and Cuban allies. Behind a cloak of democratic rhetoric, the Nicaraguan communists have betrayed the 1979 revolution and embarked on a course of tyranny at home and subversion against their neighbors. Brave Nicaraguans are fighting to restore the hope for freedom in their country, and the other nations of the region are working together in collective self-defense against Nicaraguan aggression.

How can this crisis be resolved? The Central American nations, together with their nearest neighbors—the Contadora Group—have subscribed to a document of 21 objectives. These include noninterference in the affairs of one's neighbors, serious dialogue with domestic opposition groups, free elections and democracy in each country, removal of foreign military personnel, and a reduction of armaments. My government supports a verifiable treaty based on full and simultaneous implementation of the 21 objectives. We welcome the resumption of talks next month in Panama and hope

they lead to a final agreement. Contadora is the best forum for pursuing a settlement.

In El Salvador, President Duarte, true to his pledge to the assembly last year, has pursued a dialogue with the guerrilla opposition. Would that the rulers of Nicaragua make—and honor—the same pledge to the assembly this year. In San Jose on March 1 of this year, the Nicaraguan democratic resistance called for internal dialogue, moderated by the Roman Catholic Church, to end the killing.

The people of the region are waiting for a positive answer from the rulers of Nicaragua. Can it be that, never having been chosen by their people in a truly free election, they lack the confidence to face opponents they cannot silence or lock up, as they have so many others? The United Nicaraguan Opposition deserves to participate in Nicaraguan political life and has an important role to play in the diplomatic process. Regional peace will not come without it.

The reality of the democratic revolution is also demonstrated by the rise of national liberation movements against communist colonialism: in Afghanistan,

Cambodia, Angola, and other lands where, as in Nicaragua, people have organized in resistance to tyranny. Unlike the old European empires that came to accept the postwar reality of self-determination and national independence, the new colonialists are swimming against the tide of history. They are doomed to fail.

In Afghanistan, the almost 6-year-old Soviet invasion has inflicted untold suffering on a people whose will to resist and to free themselves from a pitiless tyranny cannot be broken. Hundreds of thousands of Afghans are dead and maimed; millions more make up the largest refugee population in the world; and countless villages, schools, and farms lie in ruins. Nowhere in the world has the carnage wrought by Soviet imperialism been greater than in Afghanistan, and nowhere has the resistance been more determined and courageous.

The withdrawal of Soviet forces, as the General Assembly has noted on six occasions, would lead to a solution of the Afghanistan problem. A solution must also encompass restoration of the country's independent and nonaligned status,

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self-determination for the Afghan people, and the return in safety and honor of the more than 3 million refugees. Unless and until the Soviet Union permits such a solution, the national liberation struggle in Afghanistan will continue, the worldwide effort to provide succor to a beleaguered people will go forward, and Soviet protestations of peace on this and other issues will not ring true. My government, together with others concerned, stands ready to implement a just solution to this problem.

body to honor their solemn commitments. As Thomas Jefferson once said, the opinions of men and women are not the rightful object of any government, anywhere.

The Quest for Peace

The quest for peace continues on many fronts. And for all the obstacles confronting it, there are examples of success—such as the Antarctic Treaty, which recently marked a quarter century of effective international coopera-

dialogue. The moment is at hand—this year—to make major progress and to begin direct negotiations.

To the east, we have the continuing failure of reason to prevail and end the devastating war between Iran and Iraq. Prolonged by Iran's refusal to come to terms with its inability to achieve victory, this war has now entered its sixth year, with no end in sight. We again call on both parties to negotiate an end to the fighting.

On the Korean Peninsula we see the first tentative steps being taken to get away from the mode of thinking that has characterized the past 40 years. A decade ago, there seemed little hope for a significant reduction of tension. Yet last year both Koreas began a multifaceted direct dialogue, which the United States supports as the key to a solution. While the animosities of a lifetime are not resolved quickly, a start has been made. We also believe that UN membership for both the Republic of Korea and North Korea, in accordance with the principle of universality, would help reduce tensions.

Perhaps the most dramatic problem that requires new ways of thinking is international state-sponsored terrorism. Terrorism is every bit as much a form of war against a nation's interests and values as a full-scale armed attack. And it is a weapon wielded particularly against innocent civilians, against free nations, against democracy, against moderation and peaceful solutions. It is an affront to everything the United Nations stands for.

Progress has been made against the terrorist threat through cooperation in the UN system. Many nations subscribe to the Hague, Tokyo, and Montreal conventions to make air travel safer and to suppress hijacking and sabotage. Progress has also been made in providing protection for diplomats, and some nations have agreed on how to handle hostage situations. Just this month, participants at a UN congress in Milan adopted a strong, broad-ranging resolution urging all states to adhere to these agreements and to strengthen international actions against terrorism.

Much more remains to be done. The United States and other nations, for example, are working with the International Civil Aviation Organization to improve standards of security. Over the past year, some 90 potential terrorist actions against U.S. facilities or citizens have been deterred or prevented. But the fight has only begun, and it cannot be won by one government alone. The



Much of the conflict in the world today stems from the refusal of some governments to accept the reality that the aspirations of people for democracy and freedom simply cannot be suppressed forever by force.

Cambodia, as we all know, stands as one of the worst examples in history of a totalitarian ideology carried to its bloodiest extreme. Today, courageous freedom fighters under the leadership of Prince Sihanouk and Son Sann struggle to reclaim their country. We continue to support the ASEAN [Association of South East Asian Nations] program for a peaceful solution: Vietnamese forces must withdraw completely; and Cambodia's independence, sovereignty, and territorial integrity must be restored under a government chosen in free elections.

In other countries, where the apparatus of repression is well developed, countless thousands of men and women wage private struggles for freedom, armed only with their consciences and their courage. Some suffer for their political convictions; others for their religious beliefs: Solidarity trade unionists in Poland; Jews, Baptists, Roman Catholics, Pentecostals, and others in the Soviet Union; Baha'is in Iran. With all the men and arms at their disposal, what are these governments afraid of?

These brave and often nameless prisoners of conscience struggle to achieve for men and women in every corner of the world the promises of this organization. We are with them, and we call on all states as members of this

tion. We can learn from problems overcome, as we tackle the formidable problems ahead.

In the Middle East, 10 or 15 years ago, peace between Israel and any Arab state seemed a remote if not impossible dream. Finally, after untold suffering and four wars, a courageous leader, Anwar Sadat, abandoned the old ways of thinking and took the step no other Arab leader had been prepared even to contemplate: he recognized that the State of Israel was here to stay and, with Prime Minister Begin, vowed there would be no more wars. Peace and normal relations were established, and the Sinai was returned.

The past year has seen major efforts toward new negotiations between Israel and its Arab neighbors. The United States is committed and engaged in support of those efforts, in accordance with President Reagan's initiative of 3 years ago. Yet the lesson of the past is clear: progress can only be achieved through direct negotiations, based on Security Council Resolutions 242 and 338. There is no other way, and evasion of this reality only prolongs suffering and heightens dangers. Nothing positive will ever be achieved by chasing illusions of "armed struggle"; but much can be accomplished by parties who are committed to peace and engaged in serious

civilized world must put the terrorists and their supporters on notice: we will defend ourselves in any and every way we can.

U.S.-Soviet Relations

The reality of the nuclear age has impelled the United States and the Soviet Union to engage in a dialogue, of varying intensity, for the past 40 years. This dialogue has been an unprecedented attempt by two rivals to manage their competition and avert war. We know that we share a responsibility for maintaining peace, not just for our peoples but for all the Earth's people.

Despite all the difficulties, let us remember what has been accomplished. After the two most destructive wars in history, the superpowers have averted world war for four decades. We have had some success in limiting nuclear testing. Working together with other nations since the Non-Proliferation Treaty (NPT) in 1968, we have succeeded in restricting the proliferation of nuclear weapons. Twenty years ago it was conventional wisdom that there would be 15-25 nuclear-weapons states by today; yet the number of states acknowledged to possess nuclear weapons has held at five for the past 20 years. The United States remains committed to all the goals of the NPT, whose third review conference just successfully concluded in Geneva. And the United States and the Soviet Union have taken practical steps to avoid conflict. Our navies have long agreed to work together to prevent incidents at sea. And we have set up and improved the "Hot Line" for crisis communications.

In the nuclear and space arms talks in Geneva, the United States has advanced far-reaching proposals: a reduction by almost one-half in the most destabilizing weapons, strategic ballistic missile warheads, and elimination of the whole class of U.S. and Soviet longer range INF [intermediate-range nuclear forces] missiles worldwide—all leading ultimately to the complete elimination of nuclear arms. We repeatedly have stressed our readiness for give-and-take and to consider alternative proposals. Each of our proposals has been followed up by further attempts to find common ground with the Soviet Union. We have offered tradeoffs and made clear our readiness to take account of legitimate Soviet concerns to obtain an agreement that would enhance strategic stability and strengthen deterrence.

Progress at Geneva has been slow. Thus far the Soviet Union has not negotiated with the responsiveness that the talks require. Nonetheless, our determination to reach an equitable agreement has not wavered.

In this spirit, President Reagan last June decided to continue our policy of taking no action that would undercut the limits of previous agreements, to the extent the Soviet Union shows comparable restraint. Despite serious reservations about those agreements, and serious concerns about the Soviet record of noncompliance, the President made this decision to foster a climate of truly mutual restraint to facilitate progress in arms control.

While the most direct path to a safer world is through equitable, verifiable reductions, we also see value in verifiable limitations on nuclear testing. For that reason, President Reagan, in his speech to this body last year, proposed that the United States and the Soviet Union exchange visits of experts at test sites to measure directly the yields of nuclear weapons tests. This would significantly improve confidence in the verifiability of proposed treaty limits on underground testing. The Soviet Union rejected this offer. Nevertheless, last July, the President issued an unconditional invitation for a Soviet team to observe and measure a nuclear test at the Nevada test site. We again call on the Soviet Union to take up this offer, which is a concrete, positive step toward *verifiable* restrictions on nuclear testing.

first-strike capability—which is eroding the basis on which deterrence has rested for decades. The strategy of reliance on offensive retaliation to preserve deterrence and prevent war thus is being called into question by Soviet actions.

The answer is, first, for us both to agree on strategically significant, verifiable reductions in the numbers and destructive potential of offensive weapons. But there are additional ways to redress the problem. President Reagan has directed our scientists and engineers to examine—in light of new technologies and fully in accord with the ABM Treaty—the feasibility of defense against ballistic missile attack. Strategic defense could give our children and grandchildren a safer world. We would continue to rely on deterrence to prevent war, but deterrence would be based more on denying success to a potential attacker and less on threatening massive mutual destruction. Such a means of deterrence should be safer and more stable. Our goal is not to achieve superiority but to add to the security of both sides. As former Soviet Premier Kosygin said, an antimissile system "is intended not for killing people but for saving human lives."

We want to cooperate with the Soviet Union in making progress on these most important of all issues. Progress requires—it demands—good will, realism, and honesty. Behind the curtain that encloses Soviet society, free from the open debate we see in the West, a major strategic defense program has

Terrorism is every bit as much a form of war against a nation's interests and values as a full-scale armed attack It is an affront to everything the United Nations stands for.



When the Anti-Ballistic Missile (ABM) Treaty was signed in 1972, it was assumed that tight limits on defensive systems would make possible real reductions in strategic offensive arms. But the Soviet Union has never agreed to any meaningful reductions in offensive nuclear arms. Instead, it has continued an unprecedented military buildup—particularly in heavy ICBMs [intercontinental ballistic missiles] with a

proceeded for decades. The current Soviet leaders know that. In the past 20 years, the Soviet Union has spent about as much on strategic defense as on their offensive nuclear forces. They know that. The Soviets have the world's most active military space program, last year conducting about 100 space launches—some 80% of which were purely military in nature—compared to a total of about 20 U.S. space launches. The Soviets

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know that, too. They deploy the world's only ABM system, whose nuclear-armed interceptors and other components are undergoing extensive modernization. They are researching many of the same new technologies as we and are ahead in some. And the Soviet Union has the world's only extensively tested and fully operational antisatellite system. The Soviet leaders know full well their own efforts in these fields. Their propaganda about American programs is blatantly one-sided and not to be taken seriously.

So let's get down to real business, with the seriousness the subject deserves. And let us do so in the quiet of the negotiating room, where we can really make progress on narrowing our differences.

Progress needs to be made in other arms control areas as well. Restraints against chemical and biological weapons have eroded in recent years as international agreements have been violated by the Soviet Union and others. In April 1984 the United States proposed a comprehensive treaty for a global ban on chemical weapons. We will again introduce a resolution on chemical weapons in the First Committee. We must have talks on serious, *verifiable* proposals.

To reduce the risk of conflict through miscalculation, we and our Atlantic allies have proposed significant confidence- and security-building measures at the Conference on Disarmament in Europe. To enhance security in Central Europe, we have repeatedly sought ways to move the mutual and balanced force reduction talks in Vienna forward.

In sum, the United States and the Soviet Union now have a historic opportunity to reduce the risk of war. President Reagan looks forward to his meeting with General Secretary Gorbachev in November. We have a long agenda. The United States is working hard to make it a productive meeting. And we want the meeting itself to give further impetus to the wide-ranging dialogue on which we both are already embarked. Soviet acts of good faith and willingness to reach fair agreements will be more than matched on the American side.

Economic Freedom and Material Progress

Just as there is a democratic revolution in the world today, there is also a revolution in economic thinking. Mankind is moving toward an ever greater recognition of the inescapable tie between freedom and economic progress. Command

economies, in spite of all their pretensions, have not done very well in liberating people from poverty. In reality, they have served as instruments of power for the few, rather than of hope for the many. Expectations of material progress and prosperity have been fulfilled in countries whose governments applied reason and fresh thinking to their problems, learning from experience rather than slavishly following outworn dogma. The new way of thinking—economic freedom—actually is a return to old truths that many had forgotten or never understood.

Those developing countries in Asia relying on free market policies, for example, have enjoyed one of the most remarkable economic booms in history, despite a relative lack of natural resources. The ASEAN nations and the Republic of Korea have grown at 7% a year over the past decade, the fastest

rate in the world, and ASEAN has become a model of regional development and political cooperation. In recognition of the success of economic freedom, the nations of the South Pacific have continued to encourage the private sector as well. We are joining with them in a dedicated effort to negotiate quickly a regional fisheries agreement that will benefit all.

These and other countries' success demonstrates that the laws of economics do not discriminate between developed and developing. For all nations, equally, the true source of wealth is the energy and creativity of the individual, not the state. After decades of fashionable socialist doctrine we see today—on every continent—efforts to decentralize, deregulate, denationalize, and enlarge the scope for producers and consumers to interact in the free market. In India, China, and elsewhere, new policies are



Secretary Shultz and Bernard Kalb, Assistant Secretary for Public Affairs and Department of State spokesman, in the UN General Assembly hall on September 23, 1985.

being adopted to unleash the creative abilities of talented peoples. At the Bonn economic summit last May, the leaders of the largest industrial democracies acknowledged the same truth. The road to prosperity begins at the same starting point for all nations: freedom and incentives for the individual.

This truth should be our guide as we address today's economic challenges.

In sub-Saharan Africa, drought has placed perhaps 30 million men, women, and children at risk. We do not know how many have already died. Along with other Western countries, the United States has undertaken one of the largest disaster relief programs in history. This year alone, the United States has provided \$1.2 billion for drought and famine relief and \$800 million in other economic assistance. The nations that have been helping should continue to do so; those that have not borne their share should start doing so.

But we owe it to the suffering to ask this question: "Why is food so scarce?" Drought, without question, is part of the reason. But in some countries, there are other, more important reasons. One is government policies that have severely harmed agricultural productivity. These policies must be reversed. Those countries that have undertaken liberalizing reforms are reaping the benefits and can show the way for others. Another problem is lack of appropriate technologies. The United States is carrying out a long-term program to strengthen African agricultural research, which we hope will help to produce a green revolution on the continent.

Elsewhere in the developing world, as in Africa, countries face the continuing problem of debt. Many have undertaken necessary, though painful, adjustment—taking courageous steps to cut government spending, eliminate subsidies and price controls, permit currencies to adjust to the market, free interest rates to encourage saving and discourage capital flight, and create conditions to attract new capital. Austerity, however, is certainly not an end in itself. The purpose of short-term adjustment is to get back on the track of long-term growth.

In all these efforts we must be careful that the heavy burden of servicing the historic debt levels of the developing nations of Latin America and Africa does not inhibit their future growth. Creative cooperation between borrowers and lenders, with continued constructive

assistance from the World Bank and the IMF, will be essential in achieving this goal.

Other nations, too, have a major part to play in helping these countries overcome their debt problems and resume sustainable growth. External financing to support effective adjustment has been, and will continue to be, important. Access to export markets is also necessary.

Sound economic policies in every country are the key to strengthening the world economy. In the United States, policies that have unleashed individual talent, reduced government's role, and stabilized prices have helped to produce more than 8 million new jobs since 1982 and lead the world out of recession. But many imbalances in the world economy remain—notably in trade accounts, exchange rates, and capital

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Indeed, an open trading system is crucial to the hopes of all of us. Trade expansion has been an engine of post-war prosperity. It would therefore be suicidal to return to the protectionism of the 1920s and 1930s, which helped bring on the Great Depression. Protectionism is not a cure; it is a disease—a disease that could cripple all of us. Trade must be free, open, and fair—the United States will work to see that it is. But there must be a level playing field. We want to open trading, but that means mutuality. Barriers erected against American products are just not acceptable to us.

As President Reagan is saying today in a major speech, "the freer the flow of world trade, the stronger the tides for human progress and peace among nations." To preserve and strengthen the trading system may well be the central economic issue facing the world community today. For that reason, it is essential that all nations join now in preparations for a new GATT [General Agreement on Tariffs and Trade] round next year. No nation, even one as large and as powerful as the United States, can, by itself, ensure a free trading system. All that we and others have done to provide for the free flow of goods and services and capital is based on cooperation. Indeed, it was that very spirit of cooperation that prompted the United States and five of the leading industrial nations yesterday to pledge firm resolve to work together in addressing the pressing economic issues of this decade.

flows. These must be corrected, by the world community acting in concert, if recent economic gains are to be preserved and hopes for progress sustained. For its part, the United States must restrain public spending, reduce its budget deficit, and encourage saving. Others must do more to reduce rigidities and promote the private investment needed to facilitate adjustment and spur expansion.

I believe we can surmount our problems, just as we succeeded in solving the energy crisis and bringing inflation under control. There was a time when those problems, too, seemed insurmountable. We can succeed again today if we have the honesty and courage to face our problems squarely, and if our ways of thinking conform to reality.

Conclusion

Forty years ago the founders of the United Nations recognized that new ways had to be found to regulate conduct between nations. That remains true today. The Charter and the Universal Declaration of Human Rights speak to us not as different races, creeds, and nationalities, but as human beings, men and women. Our task as we look to the next century is to learn that the things which unite us—the desire for peace, human rights, and material well-being—as set down in those documents, are far more important than the things which divide us.

The main obstacle to greater realization of the goals of the Charter is the lust of the few for power over the many, just as it has been the obstacle to human happiness since the dawn of history.

But change is inevitable. And today change, technological change, holds out hope, perhaps as never before. The revolution in communications and information may be the most far-reaching development of our time. Those political systems that try to stand in the way of the free flow of knowledge and information will relegate their citizens to second-class status in the next century. The future belongs to societies that can spread knowledge, adapt, innovate, tap the unfettered talents of well-informed citizens, and thus fully exploit the new technologies; free societies clearly are best equipped for this challenge. The communications revolution will be a truly liberating revolution—for it threatens the monopoly of information and thought upon which tyrants rely for absolute control.

On every continent—from Nicaragua to Poland, from South Africa to Afghanistan and Cambodia—we see that the yearning for freedom is the most powerful political force all across the planet. The noble ideals of democracy and freedom are in the ascendant. Today, we can look with renewed hope to the day when the goals of the United Nations truly will be met.

¹Department of State press release 225; USUN press release 98. ■

Security Council Holds Commemorative Session

Secretary Shultz's statement at the 40th anniversary commemorative meeting of the UN Security Council on September 26, 1985.¹

Forty years ago, the United Nations and its Charter embodied mankind's most cherished hopes for a better world—a world where international disputes would be settled peacefully, where self-determination would be advanced, where economic cooperation would promote prosperity, and where human rights would be honored. For four decades, this grand vision has inspired millions across the globe. Today each of us, and especially members of the Security Council, have a duty to our own people and to posterity to keep that vision alive.

The UN's Value

None of us here harbors any illusions about our world or about the United Nations. International conflicts, aggression, and violence still mar the global landscape, still bring suffering to millions, still threaten world peace. Hunger and disease still claim victims among the poor and needy. Freedom, and the most basic human rights, still lie trampled beneath the tyrant's boot in many parts of the world. The United Nations today is a troubled organization. But that is, in part, because it mirrors a troubled world.

For some, the evils prevalent in our world are evidence that the United Nations has failed, that its founders were little more than utopian dreamers, and that this idealistic venture of ours has broken apart in the rocky waters of reality.

I disagree. The founders of the United Nations were not foolish idealists. They were statesmen, perhaps the greatest statesmen of this century. For them, the United Nations was no panacea for the world's ills. They knew that pursuing the ideals of the Charter in a world of sovereign states would be an endless, often disappointing task, that it would require perseverance and hard work on the part of all nations.

Yet the founders believed in the future. They believed that by setting standards toward which all nations could aspire and work, progress toward a better world could be made. They set themselves and their nations on a course

without any certainty of ever reaching the final destination but with the determination always to move forward—to greater prosperity, to greater freedom, to greater peace.

That is the test by which we must judge the United Nations today. Our goal must be to continue to move forward, to work for progress despite the obstacles. And in doing so, we must combine idealism about the goals we seek with realism about how best to achieve them in this imperfect world. The United Nations can be a force for peace and human betterment, if we have the will and the wisdom to make it so.

The UN's Record

We have seen many successes over the past 40 years. The UN's peacekeeping and peacemaking efforts have been valuable at critical times—in Korea, in the Congo, in Cyprus, and on the Golan Heights. Through its various specialized agencies, the United Nations has helped eradicate diseases like smallpox; it has provided relief to millions of refugees throughout the world; it has served mankind well in the areas of health, communications, and transportation. On all these issues, the United Nations has remained true to the principles of the Charter, and the world is a better and safer place for it.

Unfortunately the United Nations has also failed in important ways. And I do not mean that it has failed to remake the world and put an end to the evils we see all around us; that would truly be a utopian expectation. I mean that the United Nations has often failed to remain true to itself and its own principles; it has failed to provide the guiding vision we need to keep us on a straight path toward a better world.

Too often the United Nations has been abused in the service of narrow, selfish national or bloc interests. Too often it has been used as a platform for voices of hatred and bigotry—as in the case of the resolution 10 years ago equating Zionism with racism. Too often disputes and disagreements among nations and peoples have been magnified and exacerbated instead of being resolved through reasoned debate and discussion. Too often the purposes and principles set forth in the Charter have been twisted, distorted, and manipulated

in the service of goals antithetical to the vision of the founders.

We can do better than this. We owe it to future generations to restore and maintain the integrity of this great institution. My country recognizes that it has an important role to play. We all do. The United States is committed to protecting the United Nations against harmful and abusive practices. We are committed to ensuring that the principles of the Charter are honored and adhered to. And we will remain committed so long as there is hope that the United Nations can continue to be a force for good. President Harry Truman said it 40 years ago: "We have solemnly dedicated ourselves and all our will to the success of the United Nations Organization." Today, with our hopes tempered by realism, I can tell you on behalf of all Americans: our will has not flagged, and our dedication has not wavered.

Role of the Security Council

We, the members of the Security Council, are the focal point of the world's hopes. The major powers represented here have a vital role to play in building the safer, more peaceful world we all seek. The Charter gave the Council formidable powers to help resolve disputes. Those powers should be used wisely and courageously in the service of peace.

We have seen that creative Council actions can provide a basis for resolving some of the most difficult issues of our time. Resolution 242, for instance, has provided the essential political and legal framework for Middle East peacemaking. The lesson is that Security Council resolutions can have an impact when they are realistic, balanced, and constructive. One-sided actions and resolutions, on the other hand, have accomplished nothing and never will. Selective condemnation has often exacerbated situations.

We have to make the Security Council work for peaceful solutions as effectively as possible. This may require greater and more systematic involvement of the Council at early stages of developing conflicts; wider capacities for fact-finding, observation, and good offices; more extensive and regular informal consultations among Council members; and greater use by the Secretary General of his powers under Article 99 to bring threatening situations to the Council's attention.

What we need, above all, is a greater commitment to fulfilling the role envisioned for the Council by the UN's



(Department of State photo by Walter Boeze)

Secretary Shultz and Soviet Foreign Minister Eduard Shevardnadze outside the UN Security Council.

founders. This Council chamber should not be treated as another arena for name-calling, for ideological and political confrontation. As the Secretary General has noted in his most recent report, Council members are the guardians of peace; no one else can perform this vital role. After 40 years, let us rededicate ourselves to the task.

The Future

We too must believe in the future. It is not for us to end the journey that began 40 years ago or to deviate from the path set forth in the Charter simply because the going has been hard. It is not for us to despair to take refuge in cynicism but to labor constructively to make the United Nations better serve its original goals.

The true lesson of experience is a lesson of continued aspiration. The United Nations has done important work; there is much it can do to help the world maintain peace and improve

the human condition. Progress toward the goals of the Charter has been possible where idealism and realism have been harnessed together.

The failure of the United Nations to meet all its lofty aims is no cause for despair. We cannot make the world over with the stroke of a pen or a well-turned phrase, but we can work to ensure that the United Nations guides us on a straight course in our common journey. We must continue to set high goals that inspire us to work harder and to persevere. As President Reagan said in his address to the General Assembly 2 years ago:

You have the right to dream great dreams. You have the right to seek a better world for your people. And all of us have the responsibility to work for that better world. And as caring, peaceful peoples, think what a powerful force for good we could be. Let us regain the dream the United Nations once dreamed.

¹Press release 231 of Oct. 1, 1985; USUN press release 101. ■

U.S. Role in the ILO

Secretary Shultz's statement before the Senate Committee on Labor and Human Resources on September 11, 1985.¹

I appreciate this opportunity to appear before the Senate Labor and Human Resources Committee. It is many years since I have had an occasion to do so, and I am happy to have an opportunity this morning to discuss the U.S. role in the ILO [International Labor Organization] and some concrete steps we can take to strengthen our participation.

I know you have felt for some time now that these hearings would be useful, and I should say at the outset that I regret it was impossible for me to attend earlier. As I understand it, the committee is interested in two issues:

- The feasibility of U.S. ratification of certain ILO conventions without there being a detrimental effect on U.S. labor law; and
- Whether there is any linkage between the U.S. ratification of conventions and our influence in the organization.

The Labor Department is the agency most qualified to address the first question. I will be glad to give my views on the linkage question.

ILO Developments Since 1980

I first would like to state briefly how we assess developments in the ILO over the 5 years since the United States rejoined the organization in 1980.

Members will recall that the United States withdrew from the ILO in 1977 because we believed fundamental ILO principles were being undermined to a point that was inconsistent with our continued participation. The ILO, in our opinion, had allowed itself to be subverted from its admirable, original goals.

- We believed that the principle of tripartitism—that is the right of employer and worker groups to participate autonomously in the organization and on national delegations—was being eroded.
- We also believed that the organization was exercising a double standard in citing countries found to be in violation of ratified conventions. Up to the time of our withdrawal, the ILO Conference on only one occasion had censured

a communist country for violating one of the critical ILO human rights conventions dealing with freedom of association, forced labor, or discrimination. However, the Conference regularly criticized others, particularly Latin American countries.

- Thirdly, we were dissatisfied with the organization's growing disregard of its own principles of due process—its disregard of the ILO's longstanding procedures for impartially investigating complaints against members alleged to have violated their obligations under conventions. This was particularly true in the case of Israel.

- Finally, we believed that too many members were using the ILO simply as a political forum to pursue issues irrelevant to the ILO's mission and that properly belonged in the Security Council or the UN General Assembly. These political activities were disrupting ILO proceedings and detracting from legitimate technical work.

The United States returned to the organization in 1980 because we believed there had been substantial improvement in these areas during our absence. We rejoined because the ILO showed greater determination to adhere to its original principles. We have seen continued improvements in the ILO over the past 5 years and are encouraged by them.

I might say this little experience with a unit in the UN system is instructive, and I think we have to, throughout the UN system, be prepared to say what we believe and stand for it—and if a given organization gets way off the rail, be prepared to withdraw with the understanding that if things improve and come around to the original purposes, then we can consider reentry. And, as you know, we've done that on another occasion.

- In 1980 the Conference censured Czechoslovakia for discriminating against workers on the basis of their political beliefs and, over Soviet objections, strengthened mechanisms for supervising the implementation of conventions.

- In 1981 the Soviet Union was cited for failure to bring its law and practice into conformity with the ILO's convention on freedom of association, and in December of that year, with the

suppression of the trade union Solidarity, the ILO began what was to become a long and entirely proper effort to ameliorate the tragic conditions in Poland.

- In 1982 the ILO Conference did not act on a politically motivated anti-Israeli resolution. However, its prestigious Committee on the Application of Conventions and Recommendations censured the Polish Government, as had the Governing Body's Committee on Freedom of Association in a series of overwhelming votes in the spring and fall.

- In 1983 the organization turned a deaf ear to Soviet calls to "reform" and "democratize"—in reality, to politicize and, thus, to weaken—ILO supervisory machinery (the procedures by which the organization supervises the implementation of conventions). It established a Commission of Inquiry on Poland. And, by secret votes, it adopted a well-balanced human rights report that, over strenuous Soviet opposition, included criticism of Czechoslovakia.

- This encouraging trend continued in 1984. The Conference decisively rejected a concerted Soviet effort to undermine the supervisory machinery. The Committee of Inquiry on Poland turned in a strong report justifiably critical of the Polish Government, and the report was approved by the Governing Body over strong Soviet resistance. The Conference adopted another balanced human rights report, and it affirmed Israel's right to participate in ILO regional activities.

- Finally, in 1985 the organization once more rejected Soviet so-called reforms. It turned back a Nicaraguan effort to manipulate the nonaligned group and to politicize the annual conference through the introduction of a resolution against the U.S. trade embargo.

We could not have achieved these improvements without the close cooperation of U.S. employers and workers. Tripartism constitutes the very essence of the ILO, which sets it apart from all other organs of the UN system. It is the unique feature of tripartism, together with the ILO's mission of promoting workers' human rights and working standards around the world, which underlies the basic interest of the United States in the ILO. As we look at the full panoply of international organizations in the UN system, we now find the ILO in the forefront of those advancing U.S. political interests

because of these special features—and it is these special features of the ILO that we are committed to preserving.

This list of truly positive developments since our return to the ILO, however, has been accompanied by setbacks, and there are areas where we believe further improvement is necessary. Several come readily to mind.

- Despite Director General Blanchard's laudable efforts in recent years to hold down costs, we have not been able to support the ILO's proposed budget two of the three times it has come up for a vote since 1980. Although this year we were able to join a consensus on the budget, intensified efforts will be required in the future to identify savings and to reprogram resources from lower to higher priority activities.

- Second, we believe the organization has not completely rid itself of an unfortunate double standard with regard to labor rights violations in the Soviet bloc. We still see it hesitant and reluctant to squarely address those human rights issues. Unfortunately, last June's conference provided an example of this practice when it abruptly decided to forego a discussion of freedom of association in the Soviet Union.

- Finally, despite some recent successes, too many members want to introduce extraneous political issues into the ILO's debate. Others persist in misusing the speaker's platform at annual conferences for attacks on the United States and other member states on matters unrelated to the concerns of the ILO. Nevertheless, on balance the record over the past few years has been positive.

Linkage Between U.S. Influence and Ratification

With this as background I would like to address the question "Is there any linkage between U.S. influence in the ILO and our own record of ratification of ILO conventions?" I believe there is such linkage.

It is my view that the primary factor that led the ILO to turn around was that other members took seriously our withdrawal from the organization in 1977. They understood the implications of our withdrawal. We clearly demonstrated our determination not to participate until there were clear signs that the organization was prepared to resume its proper functions. The ILO took those steps, and we returned, determined to use our influence to help the ILO continue to improve.

But our leverage is somewhat hampered by the fact that the United States has not improved its own record of ratification of ILO conventions over the past 30 years. Thus far, this has not proven to be a crucial impediment to achieving our goals in the ILO in any concretely verifiable way, but we believe it has taken a subtle toll. It has provided our adversaries with ready-made propaganda ammunition. It fosters attitudes on the part of third countries to equate U.S. actions and policies with those of our adversaries, and, ultimately, it is used to excuse decisions in the Committee on the Application of Conventions and Recommendations to go easy on the Soviets in individual cases under review. It is my judgment that an improved ratification record would have served U.S. foreign policy interests better. More importantly, I believe a better record can help us in the future. Let me give some cases that point out the need for a stronger U.S. presence in the ILO.

- The recent increasing effectiveness of the ILO in monitoring Soviet and East European behavior placed the Soviets on the defensive. In response, the Soviets and their allies have launched a major continuing campaign to subvert the ILO's human rights supervisory machinery and its unique tripartite system. If they don't get their way, they are threatening to reduce their budget contributions, pull out, or cause other problems. In response to these threats, we are already seeing some signs of backsliding in ILO subordinate bodies.

- Thwarting the Soviet counter-attack will be a major U.S. goal in the ILO for the foreseeable future. Our traditional approach that ratification of ILO conventions is simply out of the question for us makes it harder for us to exert influence.

- We are open to the frequent charge—and it comes not just from our adversaries—that our defense of the ILO machinery is hypocritical because we ratify no conventions and are, therefore, not subject to the machinery's operations to the same extent as others. It is also charged that because the United States does not ratify conventions we have no moral standing when urging the organization to take up the alleged transgressions of others. As a practical matter, because we have not ratified most ILO conventions we are disbarred by the ILO constitution from bringing complaints against those who violate their obligations.

In response to these charges, we say that U.S. law and practice are in substantial compliance with ILO conventions. It is more important, we say, for the aims of ILO conventions to be embodied in national legislation than merely ratified and never implemented, as is the case in too many countries with superficially good ratification records. We also note that the U.S. Constitution, Bill of Rights, and civil rights statutes ensure freedom of association, freedom from forced labor, and equality of opportunity and treatment. These arguments are important, but they do not defuse the charges against us brought about by our refusal to consider ratification of all but a few ILO conventions.

However, this approach conflicts with the obligations we assumed when we joined the ILO. The ILO's purpose is to raise labor standards around the globe through the process of adoption and ratification of conventions. Every member state has a moral obligation to make a good faith effort to determine whether it can ratify conventions. But our behavior sends a message that ILO procedures don't apply to us. The message we send is: do as we say, not as we do.

There is also inconsistency between our failure to consider ratification of ILO conventions and the growing tendency in the Congress to refer to internationally recognized worker rights standards regarding freedom of association and forced labor in U.S. trade and aid legislation. These standards are compatible with the ILO conventions.

Our allies in the ILO who have stood squarely with us in turning back the Soviet offensive against the supervisory machinery have warned us that the Soviets intend increasingly to exploit our nonratification record as they continue to press their assault. Our allies see the U.S. nonratification record as a chink in our collective armor.

Now we need to give this issue its proper measure of importance. I'm not saying that a reversal of U.S. ratification policy would provide a magic cure-all for the residue of defects we find in the ILO, but it would repair a significant weak spot in our defenses.

Recommended Actions

We feel we should correct our approach by reopening the ledger on possible ratification, making a good faith effort to review more systematically and vigorously those conventions which we can

ratify without contravening U.S. labor laws. We should be more flexible and consider individual conventions on their own merits rather than to continue to make *a priori* judgments that only maritime conventions are suitable for the United States to ratify.

This is not to say that after 30 years of inactivity on the conventions we can suddenly rush into the ratification process without due deliberation and careful consideration. There are serious impediments to the ratification of conventions by the United States, and they will not go away simply by wishing them away. There are mechanisms in the government designed to assess conventions in terms of their impact on current U.S. domestic law. I applaud the decision of Secretary [of Labor] Brock to schedule a meeting of the President's Committee at an early opportunity and his intention to continue the important work of the Tripartite Advisory Panel on International Labor Standards.

These procedures should be followed to explore whether there are ways we can ratify conventions without compromising Federal and state labor laws. I also firmly believe that in order to move effectively ahead in this process, it is absolutely essential to have the consensus of the U.S. worker and employer representatives. I hope that business and labor leaders can explore ways together of providing us with their wisdom and helping us to get this process underway.

The ILO's central mission is to improve people's lives through the development of effective international labor standards. We support this mission and participate actively in almost all aspects of the ILO's work. We have not, however, made ratification of conventions as high a priority as we perhaps might have, given our leadership responsibilities in the organization. I would like to see us improve our record in this regard. It would be in the foreign policy interests of the United States to do so.

¹Press release 219. The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Secretary's Interview on "Meet the Press"

Secretary Shultz was interviewed on NBC-TV's "Meet the Press" on September 29, 1985, by Marvin Kalb and Chris Wallace, NBC News, and Robert Novak, syndicated columnist.¹

Q. Before we get into the U.S.-Soviet relationship, I want to ask you about reports this morning from the Middle East that the six American hostages being held in Lebanon may soon appear at a news conference and state their views in some form or another, or the Reverend Jenko may be released. Do you have any information on this?

A. Only what I've heard reported. Of course, we welcome seeing them, if they are to appear, alive. We welcome any release, but we want all of the hostages back.

Q. You've got some indication, then, that there may, in fact, be some movement on getting one or the six back?

A. Only these reports that have been telephoned in.

Q. Nothing through diplomatic channels?

A. No.

Q. There was a clearly implied threat as well in that phone call, the threat being that after the news conference, and I quote: "The American Government will assume full responsibility for the lives of the hostages." What would the United States do if these people start killing hostages?

A. The message that the Reverend Weir delivered essentially linked the fate of American hostages to the fate of prisoners being held by Kuwait. We don't agree with the approach of bargaining with people who are kidnapping or hijacking or whatever, and we will be following this very closely.

Q. What will you do then if you're not willing to make the deal? What will you do if they make good on their threat and start killing hostages?

A. I'm not going to discuss that question.

Q. But you will not go to the Kuwait Government under any conditions?

A. We don't think it is wise to pressure the release of people who are being held for, in effect, blowing up things in Kuwait and killing people there, in exchange for the hostages being held, wherever they're being held, probably in Lebanon. All that kind of thing does is invite people to take other hostages, and you endanger the lives of others in that process.

Q. Turning to the U.S.-Soviet situation, there's a lot of excitement in this town about the new Soviet proposal, but is there any change whatever in the Soviet precondition that we—the United States—has to abandon testing of the Strategic Defense Initiative in order to get missile reduction.

A. It's clear that they want us to abandon the President's Strategic Defense Initiative (SDI). It's also clear that the President won't. What's new is that they have brought forward a proposal—or will in Geneva tomorrow—that deals with offensive matters, and to date, they haven't done that before. We have had proposals on the table—important proposals in the strategic missile talks, in the intermediate-range missile talks, and in the space and defense group. So this represents a time when they'll put some counterproposals on the table, and we welcome that.

Q. You have just said, once again, that the President is not going to give up on his program for strategic defense. It's clear from what the Russians have said publicly that they are going to continue to insist that the President gives it up. Don't you have built in there—you're smiling. Do you think that they're going to give up on their insistence?

A. Go ahead; ask your question.

Q. No, no. But isn't there then built into the negotiation a deadlock, and how can one approach the summit with anything but pessimism rather than the optimism that everyone's seeking to project?

A. We're not trying to project optimism or pessimism. We're trying to project realism about what the situation is in general, and also, insofar as the Geneva talks are concerned. As I said,

we have proposals on the table. Apparently the Soviets will put some proposals on the table on Monday and Tuesday. We welcome that, and we'll see where we go from there. The President said yesterday, we're prepared for a tough day of bargaining.

Q. He also said he doesn't want any preconditions laid down in the negotiation, and it seems as if, from what, again, the Russians are saying that there is the precondition that the United States give up on, on strategic defense.

A. Up until now they have more or less said that they're not really going to talk in the strategic arms group or the intermediate arms group until we say in the space and defense talks that we're ready to give up on strategic defense. Of course, we won't do that, so there's been a kind of blockage, a precondition, if you will, which we don't think is in accord with the agreement that [Foreign Minister] Gromyko and I reached in January. At any rate, at this point they are going to table, I presume, with some ideas in the strategic defense area and some ideas in the intermediate range area, as well as whatever they will say on Monday and Tuesday in the space defense field. So we'll listen to those ideas, and perhaps that's a way of getting around the preconditions.

Q. You say it's clear that you're not going to back down on the Strategic Defense Initiative, but we've all covered this Administration for several years and there are a number of times when the President takes a tough stand, and then, as a bargaining chip, he decides to back down later on. He's forced by events. Is this a bargaining position, or do you really mean—and you're saying from now until the summit—that the President, the Administration is going to rule out any deal on research, testing, and developing of SDI?

A. Any deal on research would be ridiculous because there would be absolutely no way to verify whether or not it's being observed. It's inherently impossible, and that isn't even disputed.

Remember what the President is trying to do. The President is trying to get the answer to the question, "Is it possible to defend against ballistic missiles?" The Soviets are also trying to get the answer to that question and they've had an extensive program going on, trying to find the answer. That's what the Strategic Defense Initiative is

at this point, what is the answer to that question, and the President is not going to give it up. Personally, I would certainly not advise him to give that up. And there is no sentiment for such—

Q. You talk explicitly about research. What about testing and development? Are you also ruling out any deal in those areas, in all testing?

A. We believe that the answer to that question can be gotten within the framework of the ABM [Antiballistic Missile] Treaty, so what is being done is perfectly in accordance with that treaty, which does not prohibit certain kinds of testing.

Q. The Soviets have been cleaning our clock in this propaganda war, and the latest is they come in with a 50% reduction in missiles. Is there anything inherent in a 50% reduction that makes us any safer from a Soviet first-strike?

A. The point about percentage reductions is, what do they apply to? Remember what it is we're trying to reduce. We're trying to reduce the threat of nuclear war. That's what this is about. The President proposes that we eliminate nuclear weapons entirely. That would get rid of the threat of nuclear war.

In the meantime, between there and where we are now, how do we get there? We get there by coming down and coming down in terms, first and foremost, of those weapons that constitute the greatest threat, and those weapons are the very powerful, highly accurate many-warhead land-based missiles. Those are the biggest threat and that's what we—

Q. Is there any effort, though, to introduce now on the Soviet side sublimits on the SS-18 and -19 that you're now talking about?

A. If you're going to talk some percentage, obviously you can't just talk a percentage; you have to be talking a percentage of what, and that is why it's so important that we see what is laid out in Geneva in detail and not jump to conclusions about it, and then respond, as our negotiators are prepared to do, in terms of the intricacies of this very complicated subject.

Q. Assistant Secretary of Defense Richard Perle today, on television, said that it looked to him as though this proposal was a step backward into the 1970s. Do you agree with that?

A. The point about this proposal—I don't know that it's a step backward or forward. The point about it is that for

the first time, the Soviets are talking about genuine reductions. Now we'll have to see. Reductions of what? As I've said, we need to take a look and see what comes forward in Geneva.

Q. It's not clear to me whether you're saying that the Russians are now prepared to agree to sublimits on the SS-18 and -19.

A. That's what we're going to find out in Geneva. If their proposal is to go back to the concept that all warheads are the same, which I think is what Mr. Perle was suggesting and which I agree with him on, then obviously that's not acceptable.

Q. Cosmetically, however, you seem so reasonable and soft when Mr. Shevardnadze talks about the sinister "Star Wars" and comes up with a "Star Peace" proposal at the United Nations. Why was there no response from the State Department to the "Star Peace" proposal? Not a word.

A. Did you read the speech that I gave at the United Nations?

Q. Yes, I did.

A. Did you think it was soft?

Q. No, I meant from a propaganda standpoint why wasn't there a response to "Star Peace"?

A. —I thought it was well phrased and factual and realistic. Why don't you report it like that instead of saying it's "soft" and all this kind of stuff? In other words, maybe our propaganda problem is with the way things are reported, rather than what is actually done.

Q. I think that we did report what you said on this program itself.

A. Good. I'm glad to hear it.

Q. As you project and look toward the summit right now, is it your aim that both leaders will be able to achieve, at a minimum, a framework for an arms control agreement that could then be given to the negotiators in Geneva to work on within a timeframe, or not?

A. If that could be done, it would be very desirable and, certainly, we will try. But we don't want to get in a position and won't, where, because there is a meeting coming up in November, we agree to something that may not be wise to agree on. But if there is an agreement that we feel is in our interest, recognizing that any agreement the Soviets will have to see is in their interest too, but if there is such an agreement there, we want to do everything we can to find it.

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Q. Does the United States have a propaganda problem, though, at this point? The Soviets continue to make peace proposals while the United States, over the last month, is mostly testing weapons of war—antisatellite test, standing by “Star Wars.” Aren’t they, in a public relations sense, “cleaning our clock”?

A. People keep saying that, but I really don’t think so, and it seems to me it’s probably a good thing for the Soviets to try to appeal to American public opinion, and perhaps they’ll find out how much common sense and savvy there is in the body politic. Our own politicians find it out all the time.

Q. Something interesting happened on Friday. Just as the President and Foreign Minister Shevardnadze were sitting down in the Oval Office, it turned out that at that very moment the United States was conducting an underground nuclear test in Nevada. First of all, did you know about it? And secondly, does that really send the signal that you want to the Soviets and to the world?

A. We have to conduct our testing programs, including nuclear tests, and our tests on antisatellite weapons in terms of the programmatic necessities and that’s what we’ll continue to do.

Q. Did you know about it?

A. I didn’t know about it. I don’t keep track of exactly when the tests take place.

Q. Do you have any problem with it?

A. No. None. I think that our programs should go forward in their own terms. We shouldn’t accelerate them because of—or time them because of a meeting like that, or we shouldn’t fail to conduct them. We should conduct them in their own terms.

Q. One more try on this whole question of whether the Soviets are scoring propaganda wins. It is generally perceived that they’re acting much better, but they have not, unless you can tell me otherwise. Have they changed anything that they are doing in Afghanistan? Have they changed their repressive policies in Poland? Have they changed, in any way, their program for world domination?

A. The problems of what goes on in various trouble spots around the world are being discussed with the Soviet Union and will be discussed by mutual agreement in the meeting that the President will have in Geneva. We’ll

discuss regional troublespots. In fact we’re going to have a discussion later in October with them on Central America, where we intend to tell them what it is that we object to about their behavior there. So all of that will be discussed and was discussed in the Oval Office by the President.

Q. The question was that under this new “sweetness and light,” with Mr. Shevardnadze smiling and pointing to the Sun, has there been any change that you know of, or can point, call out to our attention, in Soviet conduct around the world?

A. There hasn’t been, and we keep that before them. And that’s a very important problem, and important that we keep it before them. In addition, it’s important that the human rights performance is kept up there in the spotlight.

Q. A question regarding King Hussein on the Middle East. He said on Friday: “We are prepared to negotiate with Israel directly and promptly.”

A. I was interested to see that Prime Minister Peres welcomed that statement “from” the President.

Q. In your view, is the “we” in that sentence, Jordan alone or Jordan plus the PLO [Palestine Liberation Organization]?

A. The King insists—and he is right, I believe—that there must be Palestinians in a Jordanian delegation that bargains with Israel about what will happen on the West Bank because it’s populated mainly by Palestinians. Now what their status is, in regard to the PLO, is a big question mark, and that’s one of the difficulties that we’re trying to get through in getting those direct talks started.

Q. So that in your view the “we” still relates to Jordan and the PLO, is that correct?

A. To the extent that the PLO remains dedicated to the so-called armed struggle, which so far as I can see they still do, it doesn’t seem to me that they belong at the bargaining table. If they change their posture, that’s a different matter.

¹Press release 233 of Oct. 1. ■

Proposed Refugee Admissions for FY 1986

Secretary Shultz’s statement before the Subcommittee on Immigration and Refugee Policy of the Senate Judiciary Committee on September 17, 1985.¹

It is a pleasure to consult with you on the U.S. refugee admissions ceiling for fiscal year (FY) 1986. This annual consultation affords the Administration and the Congress an opportunity to discuss the refugee situation in the world and the humanitarian response to this situation by the United States.

Since the end of the Second World War, the United States has provided haven to literally millions of refugees. They have arrived in waves: first from Eastern Europe; then from Cuba; then, in the 1970s, from the Soviet Union; and, most recently, from the countries of Indochina. All of these countries and regions continue to produce refugees, and the United States accepts more of them than any other resettlement country. We are a nation founded by refugees, and our national life has been reinvigorated throughout our history by recurring waves of refugees. I think it

is well that we remember this as we consider the question of how many new refugees we should admit to the United States in the coming fiscal year.

This is the second consecutive year in which I have been privileged to present the President’s refugee admissions proposal to the Congress. In doing so, I would again like to thank the members of this committee for their continuing support of the U.S. refugee program—which includes both the admission of refugees to the United States and the important overseas assistance efforts to which the United States contributes.

Proposed Regional Admissions Ceilings

I turn now to the President’s proposal for refugee admissions in FY 1986. The President proposes to establish a ceiling of 70,000 for refugee admissions to the United States in the coming fiscal year. This total will be broken down into 3,000 for refugees from Africa; 40,000 for East Asia first asylum; 8,500 for the

orderly departure program (ODP) from Vietnam; 9,500 for refugees from Eastern Europe and the Soviet Union; 3,000 for refugees from Latin America and the Caribbean; and 6,000 for refugees from the Near East and South Asia.

The President is proposing a ceiling of 3,000 for Latin America and the Caribbean in the hope that Cuba will end its suspension of the U.S.-Cuba Migration Agreement of December 1984. If, however, Cuba does not terminate its suspension of the migration agreement, a portion of the numbers will be transferred on a quarterly basis to other regional ceilings to accommodate unforeseen increased admissions needs. If these numbers are not needed elsewhere, they will be allowed to lapse.

As was the case last year, the President wishes to maintain a separate ceiling for admissions under the UNHCR's [UN High Commissioner for Refugees] orderly departure program from Vietnam. This separate ceiling serves two purposes. It reassures the ASEAN [Association of South East Asian Nations] countries that an expanding ODP will not mean a decrease in resettlement from the first-asylum camps; and it sends a clear signal to Hanoi that the United States is prepared to make good on its offer to accept a large number of Amerasians and "re-education camp" prisoners.

Aside from the uncertainties connected with the Cuban and Vietnamese programs, the proposed regional admissions ceilings should be adequate to provide for refugee resettlement needs during the coming fiscal year.

The United States and the World Refugee Situation

Once again in 1985, the United States has played a major role in responding to urgent refugee needs—both through life-saving assistance overseas and through resettlement in the United States where necessary. Although this consultation is primarily concerned with refugee admissions, I would like to mention briefly the U.S. role in assisting refugees abroad.

The United States continues to provide the largest share of financial support for the Office of the United Nations High Commissioner for Refugees—some 30% of its budget or \$107 million in FY 1985—as well as for other international relief organizations

such as the International Committee of the Red Cross—over \$26 million in this fiscal year. The United States maintains its leading role in support of the UN Relief and Works Agency (UNRWA) in the Near East—initially providing \$67 million in contributions for this fiscal year and then an additional \$8 million from the President's emergency fund to help UNRWA avoid a curtailment of services due to extraordinary budget problems. It is our hope that these international organizations will take an even more active role in providing assistance to refugees in the coming year.

The United States has been deeply involved during the past year in providing emergency assistance to refugees and others suffering from the effects of drought and civil conflict in Africa. The U.S. Government will have contributed almost \$200 million for all aspects of refugee assistance in Africa this fiscal year alone. I would note, in particular, our rapid intervention in Sudan in response to requests for assistance from the UNHCR and the Government of Sudan which contributed to the saving of thousands of refugees' lives.

Other notable developments in the U.S. refugee program during the past year have been:

- The continued expansion of the UNHCR's orderly departure program from Vietnam. Some 14,000 refugees and immigrants will leave Vietnam under this program in FY 1985 for new lives in the United States. Continued expansion of the ODP is essential to our goal of ending—or at least diminishing—the dangerous phenomenon of clandestine flight by sea from Vietnam.
- Through our contributions to the UN Border Relief Operation (UNBRO) and other international relief organizations, we have played a principal role in ensuring that Cambodians forced to flee into Thailand in order to escape Vietnamese armed attacks have been able to maintain some semblance of a normal life.
- Elsewhere in Asia, U.S. contributions to refugee assistance in Pakistan have helped sustain the 2.5 million Afghan refugees there and allowed them to pursue their lives while awaiting the day when they can finally return to their embattled homeland.
- In Central America, the growing vitality of the Duarte government is attested to by the continuing return of Salvadoran refugees to their country

from Honduras. The United States applauds this development and will continue to provide assistance, both through international organizations and bilaterally, to help those who return.

• A major achievement of the past year was aborted when Fidel Castro announced the suspension of the U.S.-Cuban Migration Agreement just after the first Cuban ex-political prisoners had arrived in the United States on May 20. The United States is prepared to resume processing of refugees in Havana as soon as Cuba decides to reactivate the migration agreement.

The Indochinese Refugee Situation Today

Our large Indochinese resettlement program is at a transition point. The root cause of the refugee problem in Southeast Asia is clear. The outflow of refugees from Vietnam, Cambodia, and Laos is a direct result of the imposition of communist oppression on the people of these countries. The United States has responded to this great human tragedy by offering new homes and the chance to live in freedom to hundreds of thousands of Indochinese refugees. The goal of the U.S. refugee program has been to treat these refugees from persecution in as humane a fashion as possible. I believe that history will pass a favorable judgment on our efforts.

Over the last 10 years some 755,000 refugees have arrived in the United States from Indochina. About 52,000 of the 71,000 total refugee admissions in FY 1984 came from Indochina. The same proportion is expected in FY 1985. Even though current resettlement programs have declined dramatically from high levels of 1980-82, we believe they have been responsive to the true humanitarian needs for the region.

As with any program, however, we must continue to be sensitive to the need to balance refugee resettlement from Southeast Asia with other U.S. interests and concerns. Indochinese refugee resettlement must be balanced against other, regional solutions; balanced as a fair share of an international resettlement effort; balanced in terms of its budgetary implications; balanced in terms of other immigration and domestic policy considerations; and balanced against the need to provide resettlement to deserving refugees from other parts of the world.

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To achieve this balance, the United States—working with the UNHCR and other nations—is pursuing measures to address the remaining refugee problems in Southeast Asia. There are two general categories of measures that either have been implemented or are being considered.

- First, increasing emphasis is being placed on international and bilateral measures to reduce the number of persons arriving in first-asylum countries who do not meet refugee criteria. An example of this type of measure is the Lao screening program initiated on July 1, 1985, by the Thai Government. This program, which is being monitored closely by the UNHCR, is designed to identify the true refugees as defined in international law. Essential to the successful operation of this program is agreement by Laos to allow the safe return of those found ineligible for refugee status. We are following the results of this program with great interest.

- The second category of measures is aimed specifically at assuring that the U.S. refugee program fits the current situation in the region. Available evidence suggests that people leave the Indochinese countries today for a variety of reasons: to escape persecution, to seek a better standard of living, or to join family members who have previously fled. Our objective is to ensure that the U.S. refugee resettlement program is available exclusively to those who have been persecuted or have a well-founded fear of persecution if returned to their homelands and who cannot reasonably expect to voluntarily repatriate or resettle to another country. Those who have left their homes primarily for reasons of family reunification should, to the degree possible, use normal immigration programs which have been established for that purpose. In this connection, we will continue to work on improving the availability and use of safe and orderly migration programs from the countries of origin.

In furtherance of this second approach, the relevant agencies have been studying the proper use of departure mechanisms for the future, including the increased use of normal immigration channels for the family reunification segment of the Indochinese resettlement program. Our intention is to take a regional approach to the use of immigration, as well as refugee admissions, and to include all ethnic groups within this approach.

Also, I am commissioning a high-level, independent panel that will be going to Southeast Asia in the near future with a broad mandate to assess the refugee situation and to make recommendations on necessary changes in U.S. policy.

I want to emphasize that, as we review the refugee situation as it exists in Southeast Asia today, we will continue to be guided by our bedrock concern for humanitarian principles. Furthermore, our national refugee policy will continue to be based on thorough consultations with the Congress, with the first-asylum countries in the region, other primary resettlement countries, and the UNHCR.

Nonresettlement Solutions in Southeast Asia

While resettlement remains a necessary means for dealing with the refugee situation in Southeast Asia, other solutions within the region must be pursued more vigorously. Such measures—in particular, the alternative of voluntary repatriation with appropriate safeguards and international monitoring—may require negotiation of agreements by the UNHCR with the states concerned.

UNHCR's Orderly Departure Program from Vietnam

In our consultations with the Congress last September, I announced, on behalf of President Reagan, two special initiatives for expanding the High Commissioner's orderly departure program from Vietnam.

- One of these initiatives called for the admission to the United States of all Amerasian children and close family members from Vietnam over the three fiscal years 1985-87.

- The second initiative called for the resettlement in the United States of political prisoners currently and previously confined in Vietnam's "re-education camp" prisons and their qualifying family members, totaling 10,000 persons over the 2-year period, 1984-86.

The United States presented these two presidential initiatives to the Vietnamese in Geneva last October.

We have had success in nearly doubling the number of Amerasians released by the Vietnamese—almost 4,000 children and family members this year compared to 2,200 in FY 1984—

however, the Vietnamese failed to reach our goal of 5,000 for the first year.

We are, however, greatly disappointed that the Vietnamese have not, as yet, responded positively to our proposal for the "re-education camp" prisoners. After the initial presentation, the United States has twice proposed to Vietnam that we meet to continue discussions on this proposal, but so far the Vietnamese have not agreed. In unofficial conversations, Hanoi has indicated that it is backing off from its earlier announced willingness and commitment to allow these people to be resettled in the United States.

I would like to reaffirm again today that the United States is profoundly concerned about the continued imprisonment of these people and that we remain ready and willing to accept them—both former and present prisoners—and their families for resettlement in the United States as soon as the Vietnamese authorities will allow them to leave. This is a purely humanitarian matter and should not be made dependent on the settlement of the political differences that separate our two countries.

Next month, we will be meeting with Vietnamese representatives in Geneva, under UNHCR aegis, to discuss the operation of the orderly departure program. Our goal remains the expansion of this vital international program. We will be seeking agreement by Vietnam to improvements in the operation of the ODP which will enable more Amerasian children and other persons of special humanitarian concern to the United States to leave Vietnam via this safe and humane route. We are prepared—as we were last year—to hold bilateral talks with the Vietnamese on our humanitarian initiative to resettle the former and present "re-education camp" prisoners.

It is our intention to continue to maximize the use of immigrant visas for family reunification within the ODP, thereby reserving refugee numbers for those who have no alternative but to leave as refugees.

Assistance to Cambodian Border Population in Thailand

The large population of displaced Cambodians living in evacuation camps in Thailand is of intense concern to the United States. I had an opportunity during my visit to Thailand in July to meet and talk with some of these heroic people of Cambodia who have been driven

from their homeland by Vietnamese armed attacks on their border encampments. The violence of the latest attacks—occurring over the period from November 1984 through April 1985—was such that the entire border population of over 225,000 people—men, women and children—was driven into Thailand. The Government and people of Thailand and the UN Border Relief Operation have responded magnificently to the plight of these victims of Vietnamese aggression. The United States will continue to provide support to this population and to the people of Thailand whose lives have been disrupted by the impact of Vietnam's attacks.

We and the other resettlement countries support the policy of the Royal Thai Government that the evacuees from the border area should be provided all necessary assistance but that resettlement abroad should not be viewed as the solution to their plight. However, we have decided, subject to Thai Government approval, to initiate a limited program to unite close family members with relatives already in this country, primarily through immigration-type channels. This program will include those eligible for immigrant visas, "visas 93" for spouses and unmarried minor children, and selected use of humanitarian parole for close dependents in the two preceding categories. We recognize this has to be handled very carefully so we don't trigger off an unwarranted set of expectations.

Also of special concern to the United States is a group of Vietnamese who have fled overland to the Thai-Cambodian border and were evacuated into Thailand along with the Cambodian border population. Although the United States has previously accepted some of them for resettlement, approximately 4,500 remain under Red Cross protection at one of the evacuation sites, which also houses much larger numbers of Khmer border evacuees. Because of our concerns about the unique security problem of this small but especially vulnerable population, we are supporting a Red Cross initiative to obtain agreement to relocate the Vietnamese to a separate and more secure location. As soon as necessary security provisions and international cooperation can be obtained, the United States is prepared to initiate a limited program to resettle those with close family ties to the United States and those of particular humanitarian concern, such as former "re-education camp" inmates.

The United States is greatly concerned about the quality of life in the evacuation camps. We will be working with UNBRO and the Royal Thai Government to upgrade camp conditions and to ensure security for camp inhabitants. In addition, the Administration—and the Congress—are looking at ways that this large Cambodian community can be provided an opportunity for educating its young people so that they can be better prepared for the day when they can return to their homes on the other side of the border. The Royal Thai Government has also expressed an interest in the education of these Cambodian children. In consultation with the Congress, we will be working with the Thai and with various international organizations, and with the Cambodians themselves, to devise a program to respond to this important need. And, certainly, it is something that makes an emotional impact on you, to visit there and sense the determination of those people to govern themselves—to educate their young, getting what help they can—and their determination in the end to return to Cambodia and to their homes; and, certainly, that is the spirit we want to see perpetuated.

Completing Resettlement Processing for Cambodian Refugees

The United States has been in the forefront of the effort to resettle qualified refugees from the population of Cambodians in UNHCR camps in Thailand. The approval rate for Cambodian refugees seeking resettlement in the United States has been over 90%, one of the highest for any group of refugees. Since the beginning of Cambodian resettlement processing in 1975, the United States has taken over 130,000, and other countries have resettled over 60,000. This is a record of which we can all be proud.

Recently, public and congressional interest has been focused on the processing of remaining Cambodian refugees in Thailand for resettlement in the United States. The Subcommittee on Asian and Pacific Affairs of the House Committee on Foreign Affairs held a hearing on July 31 at which this subject received a thorough review. It should be clear to all concerned that the objective of the U.S. refugee program remains the fairest possible consideration of all applicants for refugee admission.

However, where there are indications that a refugee applicant has participated in the persecution of others, he cannot—under U.S. law—be granted refugee status, unless he can prove that he has not participated in such activities. Determining whether or not someone engaged in the persecution of others during the period of Khmer Rouge atrocities in Cambodia is a difficult and time-consuming task. I believe that the U.S. Immigration and Naturalization Service, working closely with the Department of State and the concerned voluntary agency representatives, has reviewed the denied cases in a just and reasonable manner. The established review mechanism, which was formalized last February, remains in place to reconsider denied cases.

Refugee Admissions from Other Regions

Although we extend a strong and helping hand toward the refugees of Southeast Asia, we must not forget the needs of the millions of refugees in other regions of the world. In most cases these refugees do not require third-country resettlement. They are being given long-term asylum in Pakistan, throughout Africa, and in Central America. Our goal and the goal of the High Commissioner for Refugees is to assist these people to maintain themselves until they can return safely to their home countries. A certain number of them will continue to require resettlement in the United States, and we have made provision for their admission to this country in our proposed admissions ceilings for FY 1986.

I would like to note, in particular, the need to address refugee admissions backlogs of East Europeans, Iranians, and Afghans. Our goal in the Near East is to continue to provide resettlement opportunities in the United States for those refugees with close ties to this country and for those of special concern, such as members of the persecuted Iranian religious minorities. We plan to continue to provide resettlement for a fair share of East European refugees who flee to Western Europe. Hopefully, the proposed ceilings will reduce the waiting time for these applicants.

Despite fluctuations in departure rates in recent months, there does not appear to have been any basic change in the Soviet policy of restricting emigration. As in past years, I will reiterate to the Soviet Foreign Minister when I

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meet with him later this month that the Soviet Union has an obligation, undertaken when it signed the Helsinki accords, to permit those who wish to join their families abroad to do so.

As already mentioned in the discussion of our contingency plan to transfer unused numbers from the Latin American admissions ceiling to other regions in FY 1986, the United States remains ready to reactivate the U.S.-Cuban Migration Agreement on short notice. When Fidel Castro suspended the agreement in May, some 1,800 ex-political prisoners and accompanying family members had been tentatively approved for refugee status. Our goal is to bring these and other former prisoners to the United States, along with their families. We hope that Castro will soon decide to drop his unilateral suspension of the migration agreement, making possible a continuation of our program for ex-political prisoners in Cuba.

Providing Adequate Funding for the Refugee Program

Refugees are an international responsibility, but traditionally the United States has been the leader in rallying support for assistance to the burgeoning world refugee population. Working through the UNHCR, the International Committee of the Red Cross, and other organizations, the United States has made protection of those fleeing oppression a key component of its foreign policy. By assisting the persecuted we demonstrate our own attachment to the values of freedom and human dignity. It would be a severe blow to these values if, due to well-meant but misguided attempts to save money, the Congress

sustained the large cuts in refugee program funding proposed by the House Appropriations Committee in July. These cuts—amounting to \$45 million from an Administration request of \$338 million—when combined with \$9 million in earmarks added by the Congress, would leave insufficient funds to operate a viable, worldwide refugee program.

At the funding level currently being proposed by the House Appropriations Committee, we would have to drastically reduce refugee admissions in FY 1986. A sudden drop from the FY 1985 level of 70,000 admissions would seriously threaten the preservation of first asylum for refugees in Southeast Asia and elsewhere in the world.

Similarly, the funds available for relief and assistance would be inadequate to maintain subsistence and survival for thousands of refugees in Southeast Asia, the Middle East, Pakistan, and Latin America. Our African relief efforts would also be affected adversely.

All of us recognize the need to restrain expenditures in the coming years, but our foreign policy interests and humanitarian concern for refugees at home and abroad cannot be carried out if these budget cuts are sustained. The President's FY 1986 request for refugee programs already reflected the need for budget restraint.

Conclusion

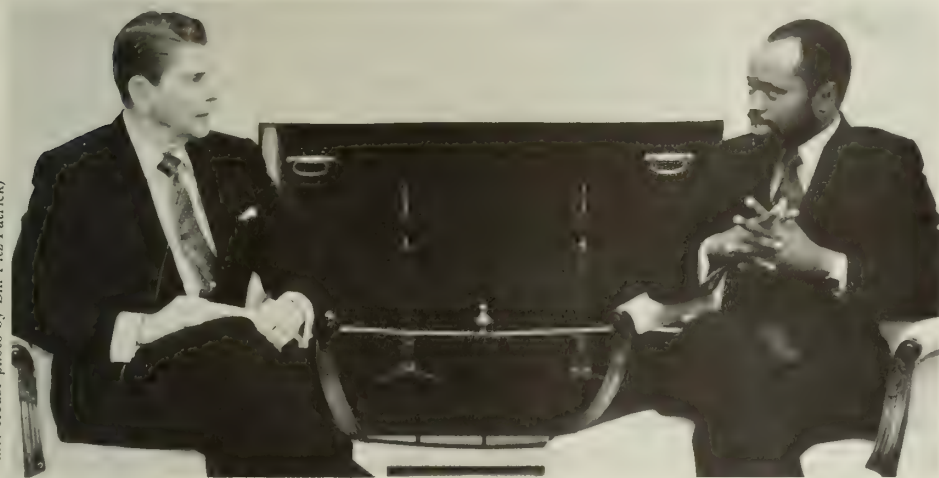
In the 12 months since I last appeared before this committee we have accomplished much on behalf of refugees. The President's initiatives in favor of Asian children and political prisoners in Vietnam remain at the top of our agenda of unfinished business. We will continue to pursue a solution to the other persistent and difficult refugee problems

in Southeast Asia. In close consultation with Congress and our allies, we will examine new approaches to dealing with these problems. With the cooperation of the Congress, we will maintain our commitment to those refugees in need of life-sustaining assistance in Africa, Asia, and Latin America. We must not forget that the great majority of refugees today are found in the poorest countries of the world and can only be helped through international efforts. With the support of Congress and the American people, we will keep our doors open to refugees of special concern who suffer persecution at the hands of tyrannical governments and for whom there are not effective and humane alternatives.

The cost of our refugee programs is small compared to the vast needs that they must address. To those of you on this committee and to your colleagues elsewhere in the Congress who have given your active support to the President's refugee assistance budget request, I express my appreciation. This is truly a nonpartisan program and one that deserves your strong support.

¹Press release 224. The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Visit of Mozambique's President



White House photo by Bill Fitz-Patrick

President Samora Moises Machel of the People's Republic of Mozambique made an official working visit to Washington, D.C., September 17-21, 1985, to meet with President Reagan and other government officials.

Following are remarks made by the two Presidents after their meeting on September 19.¹

President Reagan

It has been a pleasure for me today to meet with President Machel of Mozambique. At a time when much attention is focused on southern Africa, my meeting with the President underscores the determination of the United States to continue playing an active and constructive role in this volatile portion of the globe.

The United States prides itself as a force for freedom and progress and stability, and this is true in southern Africa, as in other parts of the world. We seek to encourage the development of democratic government in all the nations of southern Africa. Democracy and the respect for fundamental human liberties are not only consistent with our values as a free people but are also the surest pathway to economic progress, internal reconciliation, and international peace.

President Machel, you have already taken a step toward peace. And because of your personal foresight and courage, cross-border violence in the region has been reduced and a more constructive relationship with South Africa has begun.

These efforts already have proven to be a great boon to the well-being of your people. We know that economic recovery and development will require the restoration of peace, a process which will call upon all the statesmanship of Mozambique's leaders.

Mozambique has suffered greatly in the last decade from drought, domestic violence, and economic dislocation. I was impressed today with President Machel's sincere desire to improve the lot of his people. The United States, as is true in other African countries, is doing what it can to alleviate the worst effects of the drought. We are now also involving ourselves in a major effort to rebuild Mozambique's shattered economy. We welcome Mozambique's decision to cooperate with the International Monetary Fund and the World Bank to design a program of economic stabilization and development. Encouraging Western investment and strengthening Mozambique's private sector is a formula for economic advancement and improving the quality of life. We know you will find that the freer people are in the arena of economics, the more enterprising they become and the more benefits are enjoyed by the society as a whole.

I was glad to have had this opportunity today to express personally to President Machel America's good will toward the people of his country. We look forward to the success of his economic initiatives and movement toward national unity.

President Machel

We have come here on an official visit at the invitation of President Ronald Reagan. We say a sincere thank you for this friendly gesture. Our aim in this visit is to strengthen existing bilateral relations and define a basis for the long-term development of these relations.

I have just had a very positive, fruitful, and constructive meeting with President Ronald Reagan. I had the opportunity to express our appreciation for the food and development aid that the United States of America has granted us.

Mozambique is an independent and nonaligned African country. We value our independence. We are proud of our independence. We are intransigent in the defense of our national interest. We firmly believe that, like ourselves, each people must determine the destiny of its own country.

Our chief concern is to solve the basic problems of our people and to make the region where we live one of peace, stability, good-neighborliness, cooperation, and development. In this context, we signed with the Republic of South Africa the Nkomati agreement, an essential condition for peace and development. The People's Republic of Mozambique has strictly complied with the Nkomati agreement.

The need for the urgent elimination of apartheid is a matter of common concern. Mozambique took a positive view of the efforts of the international community, including the United States, in this regard. We hope that such efforts continue and that they lead to the independence of Namibia, to peace and stability for the whole of southern Africa.

Mozambique is still a backward and underdeveloped country, but one with vast potential and natural resources. We seek the participation of the United States and of its private sector in putting those resources at the service of our economic and social development.

I am convinced that the meeting I have just had with President Ronald Reagan has established a solid basis for long-term cooperation in all fields between Mozambique and the United States. With mutual respect and reciprocal advantages, we shall develop the friendship which we all seek.

¹Made at the South Portico of the White House. President Machel spoke in Portuguese, and his remarks were translated by an interpreter (text from Weekly Compilation of Presidential Documents of Sept. 23, 1985). ■

Antisatellite Arms Control

by Kenneth L. Adelman

Statement before the Subcommittee on Arms Control, International Security, and Science of the House Foreign Affairs Committee on September 11, 1985. Ambassador Adelman is Director of the Arms Control and Disarmament Agency.¹

It is a pleasure to appear before the House Foreign Affairs Committee to discuss antisatellite (ASAT) arms control. I believe that the most significant recent event in this area was the President's certification, as required by the Department of Defense 1985 authorization act. Thus I would like, in my testimony, to focus today both on the progress of the negotiations in Geneva and that certification and its implications for arms control. First, however, I would like to review Administration thinking on space arms control.

Background

For 25 years, the United States has stationed satellites in space for peaceful purposes, including support of national security and arms control. Launch detection satellites provide immediate warning of a ballistic missile attack. Communication and navigational satellites support the command and control of U.S. and allied military forces. Other satellites provide U.S. national technical means (NTM) to assist in verification of compliance with existing arms control agreements.

The United States has been a contributor and party to several major international agreements that govern space activities, including the UN Charter, Outer Space Treaty, Limited Test Ban Treaty, and Antiballistic Missile Treaty. At U.S. initiative, bilateral talks with the Soviet Union on ASAT arms control were held during 1978-79. The United States supported the recent formation of an ad hoc committee to discuss space arms control in the 40-nation Conference on Disarmament (CD) in Geneva.

U.S. Policy

U.S. national space policy was articulated by President Reagan on July 4, 1982, and reaffirmed in his March 31, 1984, report to Congress on U.S. policy

and ASAT arms control: "The United States will consider verifiable and equitable arms control measures that would ban or otherwise limit testing and deployment of specific weapon systems, should those measures be compatible with United States national security."

Guided by these criteria, the United States has studied a range of possible options for space arms control. Factors which complicate ASAT arms control include significant difficulties of verification, diverse sources of threats to U.S. and allied satellites, and threats to U.S. and allied terrestrial forces posed by Soviet targeting and reconnaissance satellites.

Depending on the scope and effectiveness of an agreement, a verifiable space arms control agreement, if complied with, might limit specialized threats to satellites and constrain future threats to such key satellites as those for early warning. Limitations on specialized threats to satellites, together with satellite survivability measures, could help preserve and enhance stability. Agreements could also raise the political threshold for attacks on space objects and meet some international concerns about unconstrained military activity in space.

On November 22, 1984, the United States and U.S.S.R. agreed to enter new negotiations with the objective of reaching mutually acceptable agreements on the full range of issues concerning nuclear and space arms. The January 7-8 meeting between Foreign Minister Gromyko and Secretary Shultz began this process by reaching an understanding as to the subject and objectives of the negotiations.

It was agreed that the objective of the negotiations is to work out effective agreements aimed at preventing an arms race in space and terminating it on Earth, at limiting and reducing nuclear arms, and at strengthening strategic stability. The negotiations are being conducted by a delegation from each side divided into three groups, one of which is addressing defense and space issues.

Arms Control Issues

The 1978-79 ASAT arms control talks revealed major U.S.-Soviet differences, and subsequent study has brought space arms control issues into sharper focus. Space arms control involves difficulties.

Verification. Verification problems are aggravated for space systems because satellites that serve U.S. and allied security are few in number; cheating, even on a small scale, could pose a disproportionate risk. For example, a ban on all ASAT systems would require elimination of the current Soviet ASAT interceptor system, but no satisfactory means has been found to effectively verify Soviet compliance with such an undertaking. The Soviet interceptor is relatively small and launched by a booster and launch pad used for other space missions. We do not know how many interceptors have been manufactured, and the U.S.S.R. could maintain a covert supply.

Breakout. Among the criteria which must be used in evaluating the implications for national security of any potential arms control measure is that of "breakout." This is the risk that a nation could gain unilateral advantage if the agreement ceased to remain in force for any reason—for example, through sudden abrogation—and obtain a head start in building or deploying a type of weapon which had been banned or severely limited. The importance of certain critical U.S. satellites, which are limited in numbers, could create an incentive for the Soviets to maintain a breakout capability.

Definition. Defining a space weapon for arms control purposes is very difficult. Space weapons could include coorbital and direct ascent interceptors (i.e. modified ballistic and ABM missiles), directed energy weapons, active electronic and countermeasures, and weapons which could be carried on manned space complexes. The problem is compounded because non-weapon space systems, including civil systems, may have characteristics difficult to distinguish from those of weapons. Furthermore, many systems not designed to be ASAT weapons have inherent (or residual) ASAT capabilities.

Disclosure of Information. Information regarding certain U.S. space systems that are associated with national security is among the most sensitive information within the government. Measures with the objective of enhancing verification of an ASAT arms control agreement that required any form of access to U.S. space systems could create an unacceptable risk of compromising the protection of that information.

Vulnerability of Satellite Support Systems. ASAT arms control would not ensure survivability of other elements in a space system. Ground stations, launch facilities, and communications links may, in some cases, be more vulnerable than the satellites themselves.

Soviet Non-Weapon Military Space Threat. Certain current and projected Soviet space systems, although not weapons, are designed to support Soviet terrestrial forces in the event of a crisis or conflict. These satellites are designed to provide radar and electronically derived targeting intelligence to Soviet weapon platforms for attacking U.S. and allied surface fleets and land forces. In response to this threat and as a counter to the Soviet ASAT, the United States has been developing the miniature vehicle (MV) system. The purposes of this system are to deter threats to U.S. and allied space systems by having the capability to respond in kind to a Soviet ASAT attack and to help deter conventional and nuclear conflict by placing at risk Soviet satellites which support hostile military forces.

Soviet and U.S. ASAT Systems

Current Soviet ASAT capabilities include an interceptor system which is the only operational ASAT system in the world; in addition, they include ground-based test lasers with probable ASAT capabilities, possibly the nuclear-armed GALOSH ABM interceptors, which might need only software changes to be used in an ASAT role, and the technological capability to conduct electronic warfare against space systems. There have been more than a dozen tests of the interceptor system, which we consider operational, including testing during a Soviet strategic forces exercise in 1982.

A Soviet high-altitude orbital interceptor capability is a possible threat, but we have no direct evidence of such a program by the Soviets, and we may not obtain such evidence before testing. Other techniques for accomplishing this objective may appear preferable to the Soviets. For example, they could also use their developing electronic warfare capabilities against high-altitude satellites. We cannot now say which, if any, such high-altitude capabilities may be, or have been, developed by the U.S.S.R.

Continuing, or possible future, Soviet efforts that could produce ASAT systems include developments in directed energy weapons. We have indications that the Soviets are continuing development of ground-based lasers for ASAT applications. In addition, we believe the Soviets are conducting research and development in the area of space-based laser ASAT systems. We have, as yet, no evidence of Soviet programs to develop ASAT weapons based on particle beam technology.

The U.S. ASAT system presently under development consists of an MV non-nuclear warhead mounted on a two-stage short-range attack missile (SRAM)/Altair booster. This is carried aloft and launched from a specially modified F-15 aircraft. The MV will be capable of attacking satellites in low altitude orbits. The system is currently

undergoing testing. It is to be deployed at one air force base on each coast of the United States.

The United States conducted the second test of the MV on November 13, 1984. No target was involved; the object was to demonstrate sensor ability to acquire and track an infrared source. Following the President's recent certification to Congress, the United States plans to conduct a test of the MV against a space object this month. The United States has no plans to extend the altitude capability of the MV ASAT system to place high altitude satellites at risk. We are, however, continuing to review ways in which U.S. ASAT capability could be improved. The U.S. ASAT program is being conducted in a manner fully consistent with all U.S. obligations, including the ABM and Outer Space Treaties.

Arms Control Talks Resume in Geneva

PRESIDENT'S STATEMENT, SEPT. 13, 1985¹

I met today with my senior negotiators to the nuclear and space arms talks in Geneva—Ambassadors Max Kampelman, John Tower, and Maynard Glitman. I gave them my instructions for the third round of the negotiations, which begins on September 19, and discussed with them the prospects for progress in this round.

I reiterated to Ambassadors Kampelman, Tower, and Glitman my strong desire to move with renewed effort to reduce nuclear arms. Achieving real reductions in both strategic and intermediate nuclear forces is our overriding objective in Geneva. We have placed a number of positive and far-reaching proposals on the table for significant and verifiable reductions. Our negotiators have unprecedented authority for give and take in trying to reach these objectives. There is no reason why a serious reduction process cannot begin promptly, as these nuclear arms exist today and are of considerable concern to both sides. At the same time, I have emphasized my desire to strengthen the dialogue with the Soviets in Geneva on the full range of issues involving defense and space arms.

I am hopeful that we may, indeed, be able to move forward in this round.

Soviet leaders have recently given public indications that they may be considering significant nuclear reductions, and we have encouraged them to translate this expression into concrete proposals at the negotiating table in Geneva. Now is the time for them to spell out their intentions; now is the time for both sides to move forward. Concrete Soviet proposals would get the talks moving and would make a positive contribution to the intensified U.S.-Soviet dialogue which has been underway in recent months.

I am looking forward to my meeting with General Secretary Gorbachev in November. Arms control will, of course, be one of the important parts of our agenda at that meeting, and progress at the negotiating table in Geneva in this round would provide a positive, additional stimulus to a productive discussion in November.

As I have stressed before, my Administration is committed to bringing down dramatically the levels of nuclear arms through equitable and verifiable agreements. We have made serious proposals, we are patient, and we are ready for serious give and take. With a comparable Soviet attitude, much can be accomplished and soon.

¹Text from Weekly Compilation of Presidential Documents of Sept. 16, 1985. ■

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The Strategic Defense Initiative and ASAT

President Reagan's speech of March 23, 1983, established the direction for what we now call the Strategic Defense Initiative (SDI). New technologies are becoming available that justify a major research effort in ballistic missile defense. The SDI research program is also a prudent hedge against Soviet breakout from the ABM Treaty. (The Soviet Union currently is upgrading its operational ABM system at Moscow and is pursuing aggressive research and development programs in both traditional ABM systems and in advanced ABM technologies such as high energy lasers.)

The U.S. SDI is a program for research on a broad range of technologies which have potential for defense of both the United States and our allies.

The purpose is to explore possible means by which deterrence could be enhanced. The United States has made no decision to develop or deploy an ABM system. The SDI program is structured to support informed decisions by the early 1990s on whether to develop and deploy advanced defensive systems.

Research under the SDI will be consistent with all current U.S. treaty obligations, including the ABM Treaty. The SDI complements U.S. policy calling for significant reductions in offensive nuclear armaments. This is because defenses whose effectiveness could be maintained at less cost than needed to proliferate offenses have potential for reducing the value of ballistic missile forces and thus increasing the likelihood of negotiated reductions. Both the SDI and our ASAT program aim at enhancing deterrence and strengthening strategic stability, but in different ways. Many of the technologies involved in the SDI research and the ASAT program are related. However, the ASAT program is a near-term effort to develop an ASAT weapon intended to redress a specific military imbalance as discussed above, and it has no ABM capability. The SDI, on the other hand, is a long-term research program. The U.S. position on ASAT arms control should neither prejudice the results of SDI research nor preclude the research itself.

Progress in the Negotiations

In the defense and space negotiations, the U.S. approach has focused on the need to address the instability that

exists in the current strategic situation; the United States has stressed the importance of reversing the erosion of the ABM Treaty regime and correcting other Soviet actions that violate existing arms control agreements. The United States has explained its view of the relationship between offensive and defensive forces, the potential contribution of defensive forces to our mutual security, and how—if new defensive technologies prove feasible—the sides might manage to stable transition over time toward increased reliance on defenses.

The Soviet Union, in an effort to stop the U.S. SDI research program, has proposed and continues to demand a comprehensive ban on research, development, testing, and deployment of what they call "space-strike arms." They have made U.S. acceptance of such a ban a precondition for progress—or even detailed discussion—on offensive nuclear arms reductions but have not addressed verification problems. The United States has responded that research is permitted under the ABM Treaty and that a ban on SDI research is unacceptable as it would be neither verifiable nor desirable and that such preconditions will only delay getting down to the kind of discussions that can lead to progress toward reductions in nuclear arsenals.

The President's Certification

On August 20 the President, as required by Congress, certified to Congress as follows:

- The United States is endeavoring in good faith to negotiate with the Soviet Union a mutual and verifiable agreement with the strictest possible limitations on ASAT weapons consistent with the national security interests of the United States.

- Pending agreement on such strict limitations, testing against objects in space of the F-15 launched miniature homing vehicle ASAT warhead by the United States is necessary to avert clear and irrevocable harm to the national security.

- Such testing would not constitute an irreversible step that would gravely impair prospects for negotiations on ASAT weapons.

- Such testing is fully consistent with the rights and obligations of the United States under the Antiballistic Missile Treaty of 1972 as those rights and obligations exist at the time of such testing.

I would like to review the reasoning behind this certification.

Endeavoring to Negotiate the Strictest Possible Limitations. As you know, the United States is presently involved in negotiations at Geneva on a whole range of nuclear and space issues, including preventing an arms race in space.

We have been unable, to date, to identify a specific ASAT proposal which meets the requirements identified by the Congress in 1984—that any agreement be verifiable and consistent with U.S. national security. We are seriously exploring with the U.S.S.R. arms control arrangements intended to prevent an arms race in space. We will continue to study possible ASAT limitations in good faith to see whether such limitations are consistent with the national security interests of the United States, and we will continue to explore with the Soviets their proposals and the problems associated with them. We are, therefore, acting in conformity with the first certification requirement.

Necessity of MV Testing. The primary purposes of a U.S. ASAT capability are to deter threats to space systems of the United States and its allies and, within such limits imposed by international law, to deny any adversary advantages arising from the offensive use of space-based systems which could undermine deterrence.

The U.S.S.R. has the world's only operational ASAT system with an effective capability to seek and destroy critical U.S. space systems in near-Earth orbit. In addition, since space systems are vulnerable to a broad range of threats from direct attack to electronic warfare to nuclear effects, the Soviet Union could have developed—without our knowledge—a variety of other means to attack our satellites.

There is also a growing threat posed by present and prospective Soviet satellites which, while not weapons themselves, are designed to support directly the U.S.S.R.'s terrestrial forces in the event of conflict. These include ocean reconnaissance satellites which use radar and electronic intelligence in efforts to provide targeting data for use in attacking U.S. and allied surface fleets. They also include photographic and electronic intelligence satellites which provide targeting data and other information useful in supporting Soviet land forces. These Soviet space assets constitute a clear threat to our national security and that of our allies.

The United States must take the steps necessary to avert a situation in which the Soviet Union has full freedom to conduct effective attacks on our space systems knowing that their space objects, including those that provide targeting data, are not vulnerable to U.S. attack. The resultant instability from this asymmetry creates a risk of irrevocable harm to the United States. U.S. development of a credible ASAT system is a necessary integral part of the steps needed to avert this situation. Therefore, testing of the MV against objects in space by the United States is necessary to avert clear and irrevocable harm to the national security of the United States and its allies.

Impact on the Negotiations. The ASAT testing which we intend to undertake follows by more than a decade the initiation by the U.S.S.R. of its testing of a coorbital ASAT system which has for some time been the world's only operational ASAT system. The Soviets, moreover, as noted above, have tested and, in some cases deployed, other systems which have inherent ASAT capabilities. The existence of such Soviet capabilities and their testing effectively preclude the possibility that testing by the United States of its MV ASAT will constitute an irreversible step.

In addition, we believe that testing can constitute an incentive to the Soviet Union to reach agreements on a wide range of issues and thus would not impair prospects for a successful conclusion to the negotiations now underway.

Compatibility with the ABM Treaty. The testing against objects in space of the U.S. F-15 MV ASAT system will not give the system the capability to counter strategic ballistic missiles or their elements in flight trajectory and will not constitute a test in an ABM mode. Therefore, such testing is not prohibited by the ABM Treaty.

Space arms control is a difficult area; I hope these remarks have helped clarify Administration thinking on it.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

U.S. Activities in the Conference on Disarmament

by Donald S. Lowitz

Statement before the Arms Control Panel of the House Armed Services Committee on September 10, 1985. Ambassador Lowitz is U.S. representative to the Conference on Disarmament.¹

I am pleased to have the opportunity to appear before you today to discuss the activities of the United States in the Conference on Disarmament (CD). I was appointed U.S. representative last December and took up my duties in Geneva in January.

As you may recall—or in the case of those of you who have been to Geneva, as you know first hand—the Conference on Disarmament is the principal multilateral body of the international community with the objective of carrying out substantive work in the area of arms control and disarmament and negotiating agreements affecting that community as a whole.

Structure of the CD

The CD is the successor body to organizations dating back to the 18-Nation Disarmament Conference established in 1962. These bodies have been associated with negotiations leading to several important arms control treaties, including the 1963 Limited Test Ban Treaty, the 1968 Non-Proliferation Treaty, the 1971 Seabeds Convention, the 1972 Biological and Toxin Weapons Convention, and the 1976 Environmental Modification Convention. While the prior bodies operated under a U.S. and Soviet cochairmanship arrangement, in 1978, following the first special session of the UN General Assembly devoted to disarmament, it was agreed that the new body, with an expanded membership of 40 states, would operate with a chairmanship that rotated on a monthly basis. The CD, as did its predecessors, operates on the basis of consensus. This ensures that the United States and the other members can protect their essential interests.

The CD is not a UN entity, although the UN Secretary General appoints a personal representative, who heads the CD's secretariat. The secretariat is also staffed by UN personnel and submits an annual report to the UN General Assembly.

The conference includes most of the militarily important states in the world. For the first time, all five nuclear weapons states—the United States, the Soviet Union, the United Kingdom, France, and China—participate in a disarmament negotiating body. The United States is joined by many of its NATO allies—Canada, the United Kingdom, France, the Federal Republic of Germany, Italy, Belgium, and the Netherlands—as well as Japan and Australia. The Soviet Union has the other members of the Warsaw Pact and Mongolia as its allies. Twenty-one neutral or nonaligned states participate, ranging from Sweden to India and Pakistan, Brazil and Argentina, Mexico and Egypt.

Each year the conference meets from February to May and from June to September. It determines its agenda and program of work on an annual basis, but these have not varied much over the 7 years that the conference has met. Recently, two new items have been added to the agenda—the question of “The Prevention of Nuclear War, Including all Related Matters,” and that of “The Prevention of an Arms Race in Outer Space.” The other items include nuclear test ban, nuclear disarmament,

U.S. Representative to the Conference on Disarmament

Donald S. Lowitz was born April 16, 1929, in Chicago. He received a bachelor of legal science from the Northwestern University School of Commerce (1950) and a J.D. from the Northwestern University School of Law (1952).

He was engaged in private law practice in Chicago 1952–54, 1959–69, and 1971–84. In 1954–59, Mr. Lowitz was Assistant U.S. Attorney for the Northern District of Illinois. In 1969–71, he was general counsel of the Office of Economic Opportunity in Washington, D.C. In 1972–78, he was a member and then Chairman of the Board of Foreign Scholarships and served as a consultant in the Executive Office of the President in 1974–75 and with the Department of Defense in 1975.

Ambassador Lowitz assumed his duties as U.S. representative to the Conference on Disarmament on December 4, 1984. ■

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chemical weapons, radiological weapons, new types of weapons of mass destruction, so-called negative security assurances, and a comprehensive program of disarmament.

Issue of Chemical Weapons

Of the broad spectrum of items on its agenda at the present time, the one of most importance, in my view, is that of chemical weapons. The clear objectives of the Administration in this area are to negotiate promptly a comprehensive ban on these weapons that have such terrible effects, as well as to seek to prevent their further proliferation, and, so long as a comprehensive ban is not in place, to maintain an adequate retaliatory capability to deter their use by the Soviet Union.

The work of the CD on chemical weapons is carried out largely in a subsidiary body—the chemical weapons ad

hoc committee—which has the task of developing a convention. As you know, the United States introduced a complete draft of such a convention when Vice President Bush appeared before the conference in April 1984. At the urging of our delegation, the chemical weapons committee has now produced, for the first time, a comprehensive text—albeit one containing many bracketed portions and incomplete sections—which the committee has agreed will serve as the basis of its further work.

In an effort to continue the chemical weapons negotiations on a timely basis, the CD has agreed that informal consultations within the framework of the chemical weapons committee will be held this fall for 3 weeks, as well as a formal committee session in January, before the CD begins its 1986 session in February.

In reviewing the chemical weapons negotiations this past year, I see a

modest amount of progress, although largely of a procedural character. It is regrettable that the negotiations continue to move much too slowly. It is regrettable that the continuing spread and use of chemical weapons has not yet imparted a greater sense of urgency to the CD's work.

I mentioned the Administration's position concerning our need to maintain an adequate retaliatory chemical weapons capability to serve as a deterrent to the use of these weapons by the Soviet Union. In addition, as I review this session's negotiations, it appears that immediately following the House of Representatives vote to authorize the production of binary chemical weapons, the Soviet Union reacted in a polemical fashion and for a few weeks adopted a stance of silent withdrawal from active negotiations. Then I believe the Soviet Union assessed the situation and concluded that, since U.S. resumption of chemical weapons production might well become a reality, it was in their interest to participate in the negotiations rather than to remain silent. The Soviet delegation then resumed negotiating and the modest progress achieved in the committee occurred largely in the closing weeks of this year's session with the active participation of the Soviet delegation. This seems to indicate that U.S. resumption of chemical weapons production may provide some incentive to the Soviet Union to become serious about a chemical weapons convention.

I must caution against making too much of the largely procedural progress made by the chemical weapons committee during 1985. The comprehensive ban that we seek, of necessity, will be a complex agreement, as it must ensure both the destruction of existing chemical weapons stockpiles and that new stocks are not illegally produced in the peaceful chemical industry. The negotiation of such a ban is perforce a complex and lengthy undertaking. At present, on the most important substantive issues—verification in particular—there continues to be little agreement. While we search for mutually acceptable solutions, we continue to view as essential the need for mandatory, short-notice challenge inspection provisions—that would apply to any government-owned or -controlled facility—to complement the more routine types of verification of such matters as the destruction of stockpiles and the nonproduction of chemical weapons in the chemical industry. On the other hand, we have

Conference on Disarmament in Europe Reconvenes

PRESIDENT'S STATEMENT, SEPT. 9, 1985¹

On September 10th the Conference on Disarmament in Europe will reconvene in Stockholm for its seventh session. The Stockholm conference can contribute importantly to creating a more stable and secure Europe and to improving the East-West relationship. The coming months will determine whether the conference will be successful in fulfilling its great potential as an instrument for enhancing peace in Europe.

The issues before the Stockholm conference are important and complex. They directly affect the vital security interests of the participants—the United States, Canada, plus 33 European nations. If these issues are to be resolved and a meaningful agreement achieved in time for the review meeting next year of the Conference on Security and Cooperation in Europe (CSCE), serious and detailed negotiations on concrete confidence-building measures must begin very soon.

Toward this end, the members of the Atlantic alliance worked together in Stockholm to put forward six specific proposals which meet the mandate of the conference to enact practical, con-

crete, militarily significant measures to reduce the risk of military confrontation and surprise attack in Europe. These Western proposals go well beyond the modest confidence-building measures enacted in Helsinki 10 years ago. They are aimed at increasing openness in relations among all the participating states, reducing the suspicion and mistrust which divide East from West, and lowering the risk of conflict arising from miscalculation, misunderstanding, or misinterpretation.

In preparing for this new round, the U.S. delegation has consulted closely with our allies to explore how best to advance the work of the conference. The alliance remains flexible and open to constructive ideas from others. We are in close contact with the other participating states and look forward to continuing this substantive dialogue in the upcoming round.

The U.S. delegation to the Stockholm conference continues to have the full support of my Administration in its efforts to achieve an agreement which will promote the security of all.

¹Text from Weekly Compilation of Presidential Documents of Sept. 16, 1985. ■

made clear in Geneva that it is the level of verification required to satisfy security concerns, not necessarily our specific language, that is important.

Let me add that the delegation, of course, maintains close contacts with many other delegations in the CD on these negotiations as well as on other matters. We have had a bilateral dialogue on the chemical weapons issue with the delegation of the Soviet Union, and I should be pleased to expand on those discussions in closed session.

Other Agenda Issues

Let me discuss with you very briefly two other agenda items which have received a considerable degree of attention in the conference.

The first is that of the prevention of an arms race in outer space. Clearly, a primary focus on this important matter is the bilateral nuclear and space talks which are to resume shortly in Geneva. However, we recognize that many states have an interest in the outer space environment. This year the CD carried out an initial examination of outer space issues relevant in a multilateral arms control context. The United States fully participated in these activities, but thus far we do not see the possibility of identifying any particular subject as appropriate for beginning a multilateral negotiation. I expect the question of outer space to continue as a major issue in the CD.

The second item is that of a comprehensive nuclear test ban. We have made it clear in Geneva that our position continues to be that a complete cessation of nuclear explosions is a long-term objective of the United States. We have stressed that the achievement of deep reductions in the nuclear arsenals of the Soviet Union and the United States is a more meaningful approach to nuclear arms control and should take precedence. At the CD, we have continued to support the need for substantive work on a range of test ban issues, including the scope of an eventual ban, and verification and compliance. In particular, we have endorsed, and supported with significant financial and technical resources, the group of experts in seismology and data processing that has been developing ways of exchanging seismic data on a global basis for verification of a comprehensive test ban.

On balance, I believe that the Conference on Disarmament had a year of modest success, particularly in the area of the chemical weapons negotiations.

We attempted, and I believe succeeded, in making clear the U.S. positions on the issues dealt with in the CD and maintained unified positions with our allies. I am looking forward to the resumption of formal work in the Conference in February.

In the meantime, much of the focus of multilateral arms control efforts will shift to the UN General Assembly, where its First Committee will take up

and debate a wide variety of arms control issues. I will be representing the United States in this work, and I will be joined by a large number of my colleagues from Geneva.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Status of MBFR Negotiations

by Robert D. Blackwill

Statement before the Arms Control Panel of the House Armed Services Committee on September 10, 1985. Ambassador Blackwill is U.S. representative to the mutual and balanced force reductions (MBFR) negotiations.¹

I am pleased to be here this morning to discuss the Vienna mutual and balanced force reductions (MBFR) negotiations with you. I will keep my introductory remarks brief so that we can pursue issues of particular interest to you.

General Observations

As you are aware, the MBFR negotiations have been going on now for nearly a dozen years. While the 19 countries involved have reached accord in principle on some key points, the talks to date have not produced agreement on how to proceed to reductions of NATO and Warsaw Pact forces in a way that meets the interests of both sides—particularly, from our vantage, Western security interests. A variety of factors have contributed to the lack of substantive results. A basic issue, of course, is the matter of Soviet interest—or, conversely, the lack thereof—in actually reducing its military presence in Poland, Czechoslovakia, and the German Democratic Republic, as well as in reducing the Warsaw Pact's conventional superiority vis-a-vis NATO in central Europe.

Setting aside for the moment this central question of Soviet motivations, there are at least three other fundamental factors which contribute to making these negotiations difficult.

First, there is the matter of geography. A glance at the map quickly demonstrates how the East's geographic situation—with the Soviet Union directly adjacent to, but outside, the reductions area—confers on the Warsaw Pact significant advantages for introducing reinforcements quickly into central Europe. In contrast, U.S. troops are an ocean away. We must be sure that any MBFR agreement does not shift the military balance even more in the East's favor. Thus, NATO has to carefully

U.S. Representative to the MBFR Negotiations

Robert D. Blackwill was born August 8, 1939, in Kellogg, Idaho. He obtained a B.A. from Wichita State University in 1962.

He is a career member of the Senior Foreign Service, Class of Minister-Counselor. He began his Foreign Service career as a Peace Corps volunteer in Malawi (1964-66) and was appointed a Foreign Service officer in 1967. His assignments have been training officer in the Bureau of Personnel (1968-69), associate watch officer in the Department's Operations Center (1969-70), political officer in Nairobi (1970-72), staff officer in the Executive Secretariat (1972-73), special assistant to the Counselor of the Department (1974), political-military officer in London (1975-78), political counselor in Tel Aviv (1978-79), Director for West European Affairs on the National Security Council staff (1979-81), Deputy Assistant Secretary for Political-Military Affairs in the Department (1981-82); and Deputy Assistant Secretary for European Affairs (1982-83). From 1983 to 1985, he was on sabbatical as associate dean at the John F. Kennedy School of Government at Harvard.

Ambassador Blackwill was sworn in as U.S. representative to the MBFR negotiations on April 26, 1985. ■

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weigh the impact of geography in assessing the specific terms of any MBFR proposal—and in so doing, to recognize that geography intrinsically favors the other side in the NATO-Warsaw Pact security equation.

Second, there is the matter of the existing imbalance of conventional forces in central Europe itself. According to Western estimates, the Warsaw Pact has over 200,000 more ground and air force personnel in the MBFR reductions area than does NATO. Achieving the Western goal of parity at lower manpower levels—which, by definition, requires that the East take significantly greater reductions than the West—runs into obvious difficulties, particularly as the East claims that a balance of forces already exists in central Europe.

Third, there is the matter of the secretive nature of the Soviet system. The Eastern penchant for excessive secrecy—particularly with regard to military matters—places a formidable obstacle in the way to the necessary degree of clarity required for an effective agreement. These factors weigh heavily on the MBFR negotiations and are at the root of the two chief issues which have dominated the talks.

Key Issues

The first is the data issue. In brief, the sides disagree on the number of Warsaw Pact forces in the reductions area, with a discrepancy of approximately 20% between Eastern and Western figures. Our estimates indicate, for example, some 970,000 Warsaw Pact ground forces in the reductions area. The Soviets and their allies, however, claim that the number is approximately 800,000. The deadlock on the data issue is longstanding, going back a decade at least. The import of the data issue goes beyond its implication of asymmetrical Eastern reductions if true parity is to be achieved, as both sides have agreed. There are also serious political questions which go to the very heart of the arms control process and raise doubts about Eastern intentions, as do documented Soviet violations of existing arms control agreements in other contexts.

The second major issue is verification. By and large, the East insists—as it does in other arms control fora—that national technical means (NTM) are sufficient to verify an MBFR agreement and has resisted such measures of verification as on-site inspection.

Current State of Play

The current Western proposal in Vienna calls for a single, comprehensive treaty, to be preceded by prior agreement between the two sides on the number of all ground combat and combat support forces in the area of reductions. The West is willing to set aside initially the issue of ground combat service support forces and air force personnel, where we believe much of the East-West data discrepancy may exist. The proposal, which was originally tabled in 1982 and modified in April of last year, also calls for staged reductions—i.e., beginning with U.S. and Soviet reductions, followed by those of the other MBFR participants—to eventual common ceilings of 700,000 ground forces and 900,000 combined ground and air force personnel for each side in the reductions area. The Western proposal also contains a set of interrelated “associated measures,” including provisions for on-site inspection, which are aimed at strengthening confidence and stability without unduly restricting normal peacetime activities.

The current Eastern position is based on a proposal tabled by the Warsaw Pact in February of this year. It calls for a limited, initial agreement focusing on U.S. and Soviet reductions only and a freeze on the forces of both alliances, deferring negotiations on further reductions. The proposal for Soviet reductions of 20,000 troops in return for U.S. reductions of 13,000 falls 10,000 Soviet troops short of the NATO position on initial U.S.-Soviet reductions. Moreover, the provision for a general freeze would contractualize the existing conventional military imbalance and provide a disincentive for the Warsaw Pact to negotiate seriously any further reductions.

The latest Eastern position also demands reductions and a freeze on armaments, a move I believe clearly is aimed at derailing NATO conventional modernization efforts. The February Eastern proposal, however, makes no move to meet Western verification requirements and, indeed, arguably represents a hardening of the Eastern position. The East’s proposed freeze, for example, would be without numbers and would be verified by a combination of NTM and “political goodwill.” As for the data issue, the East proposes to “resolve” this problem simply by dismissing it entirely.

MBFR Talks Resume in Vienna

PRESIDENT’S STATEMENT, SEPT. 26, 1985¹

Today in Vienna, members of NATO and the Warsaw Pact will resume their efforts to negotiate reductions and limitations on conventional forces in central Europe.

The Vienna talks are an important part of the U.S. commitment to achieve concrete progress in arms reductions on a broad front—in the areas of conventional, chemical, and nuclear forces. In Geneva U.S. negotiators are striving to reduce the risk of nuclear war through significant reductions of nuclear weapons that will create a more stable deterrence. Also in Geneva, the American negotiators continue our effort to achieve a comprehensive, global, and verifiable ban on chemical weapons, as we proposed last year at the 40-nation Conference on Disarmament. And at the Stockholm Conference on Confidence- and Security-Building Measures in

Europe, the United States, in conjunction with its NATO allies, will continue to press for agreement on confidence-building measures designed to reduce the risk of surprise attack in Europe.

The United States and its NATO allies in Vienna will actively pursue every avenue of possible agreement in the upcoming negotiating round in order to achieve a verifiable agreement that reduces conventional forces in central Europe in an equitable manner. The U.S. delegation will give close scrutiny to proposals on the table as part of its ongoing search for mutually acceptable solutions to the difficult issues that underlie the talks. We hope for a similar approach from the Warsaw Pact.

Ambassador Robert Blackwill, our representative to these negotiations, can count on my support and keen interest in reaching a meaningful agreement that will add to the security of both sides.

¹Text from Weekly Compilation of Presidential Documents of Sept. 30, 1985. ■

I should stress that our NATO allies attach great political and military importance to MBFR. It is the one East-West arms control forum in which they are able to participate actively. As are our allies, the Reagan Administration is currently concluding a review of the Vienna negotiations and how to conduct them in the months ahead. No conclusions have yet been reached, and we will be consulting and coordinating closely with our NATO friends.

Conclusion

In sum, the prospects for progress in the near term in the negotiations are not especially encouraging. Resolution of the two key issues—data and verification—does not seem to be on the immediate horizon. The factors of geography, conventional imbalance, and Soviet secrecy continue to complicate our efforts aimed at reaching an effective and sound agreement. At the same time, however, alliance unity continues to hold strong, and the NATO countries remain committed to achieving an agreement which corresponds to Western security requirements and interests. As my friend Ambassador Kampelman [Max Kampelman, head of the U.S. delegation on arms control negotiations] has indicated, the essence of arms control negotiations is that we must be prepared to sit at the table 1 day longer than the other side.

Finally, I would like to say how delighted I am that members from this panel will be visiting the MBFR negotiations in Vienna later this month at the beginning of the next round. I look forward to continuing our discussion of the MBFR talks there.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Mr. McFarlane's Interview on "This Week With David Brinkley"

Robert C. McFarlane, Assistant to the President for National Security Affairs, was interviewed on ABC-TV's "This Week With David Brinkley" on September 22, 1985, by David Brinkley and Sam Donaldson, ABC News, and George F. Will, ABC News analyst.

Q. Let us first deal with the question of the "bargaining chip," if it exists, which apparently it does not. Mr. Reagan said he would make no concessions—and correct me if I'm misquoting—on the Strategic Defense Initiative (SDI), otherwise known as "Star Wars," even though the Russians are insisting that that is the first step toward some kind of agreement. Where does that leave us?

A. I think probably your show is unique in affording a chance to explain fundamentals, and you cast a question which is the central public policy issue of this generation, I think.

For 25 years, we've relied on the notion that stability comes from offensive nuclear balance where each side can threaten the other. There is very clear evidence that that proposition will not be stable within this very decade because of the kind of offensive nuclear power the Soviets are going to deploy—weapons which we won't be able to find, or count, and, therefore, that we simply won't know what the balance, or imbalance, really is. In short, we're going to have a very unstable future if we rely on nuclear offensive weapons.

So the President believes that we have to ask the question, "Isn't there an alternative?" and that might be non-nuclear defensive systems. And we really don't have any choice, for as long as the Russians go ahead with these kinds of systems, and we cannot, then we have to have some military means of compensating for their advantage. So you begin a research program, when you find something that looks promising you have to test it, and at that point the President has said he would stop, talk to the Soviet Union, and our allies, and try to find a way where this non-nuclear future could be established, and there is quite a lot to negotiate, quite a lot to talk about. But it would be irresponsible not to, at least, ask the question, which some future President will have to

answer, of whether you can't get rid of these nuclear weapons. President Reagan thinks you can.

Q. Then you're really saying to the Soviets in Geneva—and you know their position is that unless we take back our insistence on research, they won't move forward on an offensive weapons deal that they have to give. That's true, isn't it?

A. Now I don't accept that. First of all, the notion that once they've stated a position, it will never change hasn't been really accurate. They've said they wouldn't negotiate if we deployed missiles to Europe but they're back at the table. They've said they wouldn't do a dozen things unless we did something else and that has changed. The point is that the Soviet Union has the most advanced SDI program on the face of the Earth, and for them to say what's theirs is theirs, what's ours is negotiable, is nonsense.

Q. I didn't say they wouldn't give. I said your position is, to state it then, you have to give, and you've just pointed out in the past they have, and I take it you expect them to do so in the future.

A. The President's position is that both of us can gain by the integration of non-nuclear defense into our forces and getting rid of nuclear weapons. That isn't giving; that's gaining.

Q. Mr. Arbatov speaks for them, says flatly, they don't have any SDI program, that they fooled around with it for a while, decided it wouldn't work and dropped it. Is that simply a lie?

A. Yes.

Q. I take it though, if they don't give—and you've made it clear and the President made it clear we won't on this matter of SDI—that we have to look forward to months, if not years, of stalemate on the arms question, or what?

A. No. I think that there is a very good prospect that there will be some kind of arms agreement in the next year's time.

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Q. What will it look like?

A. You can't really define that yet, but I think there are certain fundamentals that both sides accept, that you can envision, and that is that the Soviets believe very strongly in strategic defense. They have an enormous investment in it. So there's going to be some kind of strategic defense on both sides. The Soviet Union also, I think, has self-interests in defending against what we may see in the coming years third countries, others, getting nuclear weapons and defending against those unpredictable possibilities. And I think, too, that at least if you take their public statements at face value, they have said they want to reduce offensive systems. I think that what we're trying to define, and will define, is what mix of offense and defense serves the security interests of us all.

Q. The Soviet Union has hinted at a willingness to cut offensive systems. Why doesn't the Administration steal the march on them and, instead of allowing them to make the running, saying we'll cut offensive if you'll cut defensive? Why don't you propose a 30% cut in warheads or whatever cuts would achieve numerical equality of deliverable megatonnage, something of the sort? Why not get specific?

A. We have, and that's perhaps been where we have failed publicly. But our position in Geneva for almost 2 years has been, we want a one-third cut in offensive ballistic missile warheads. We want a cut as low as zero in intermediate-range systems. We want to ban completely chemical systems, and we want equality in conventional forces.

Q. Now how is it the "great communicator" isn't communicating this? I mean, clearly, the world believes that the Soviet Union is making the running in proposals.

A. I think there is this impulse of Americans that if you try something and it isn't accepted by the other side, that we must be wrong, when in fact the other side just hasn't had anything to say at all. And you're right. We need to do a better job in making clear that we're the ones who have been proposing reductions, getting rid of these things.

Q. There's some belief in this town that as we draw near the summit, there should be a sort of muting of our differences and a cooling of our complaints and rhetoric toward the Soviet Union. However, the President, in sort of extending compliance with SALT II about 4 months ago, said

that by November 15th, he wanted a report from the Pentagon on Soviet noncompliance and appropriate and proportionate U.S. responses thereto. Can you tell us today that that report will be written and published on or by November 15th, before the summit?

A. I think the report will be prepared. We haven't seen a draft yet, but I expect to within a couple of weeks. I would think that whether or not the President chooses to decide it, or to decide based upon what it says versus what the Soviet Union says to him in Geneva, is an open question.

Q. Is there any particular reason why you would not release this report on Soviet noncompliance before the summit, other than to create some kind of false atmosphere of cordiality?

A. I think doing something publicly to believe that you affect fundamentals is probably a misguided notion and that responsible government requires that you get your analysis, look at it, use it in making decisions, but whether or not it affects public opinion ought to be a secondary consideration.

Q. So you're saying it's not clear that the report from the Pentagon will be published at all?

A. That's an open question. There are many reports we never publish that are used to make decisions.

Q. The other night at his press conference, President Reagan said that the United States was behind, that the Soviets had a three to one advantage in every weapons category. That does not appear to be right. Is it?

A. The President's point was that in the central measures of strategic power and coercive potential, that is the hard target kill capability. There is, indeed, a Soviet three to one advantage of about 6,000 warheads to our 2,000.

Q. But that's not what he said. In this propaganda campaign, shouldn't we be right when we make a public statement before the world?

A. In asserting that the Soviet Union has, where it counts, a substantial advantage, the President was absolutely right. That key measure of stability during crises of the nuclear balance favors the Soviet Union without any question.

Q. A senior White House official told a group of reporters the other day on background that if it came to having to violate the Antiballistic

Missile (ABM) Treaty, in the national interest I suppose, to test an SDI system in space, that we'd have to do it, or words to that effect. Is that the policy of this Administration?

A. The President has said that our program will be carried out in accordance with the ABM Treaty, and it will. The ABM Treaty was written in 1972 and doesn't encompass what, indeed, can be done in the way of research or testing of many kinds of systems. An agreed statement "D," for example, says that systems based on other concepts—research, testing, even development of those—are not proscribed. But I don't assert that there isn't some margin in the distant future for both sides examining the ABM Treaty, if they both conclude that both of us can benefit from the—

Q. Are you suggesting that the treaty be revised by mutual consent, or are you saying that at some point the United States may, in its national interest, have to violate the present provisions of that treaty?

A. We don't foresee that, surely in the Reagan Administration, and the President has said SDI will be conducted in accordance with the treaty.

Q. The President discussed, and you have discussed, the fact that the Russians have an enormous number of weapons, and you can balance one kind against another. But earlier—I think it was the other day—the Secretary of Defense and some of his people put on a press conference with all sorts of charts and graphs and so on, saying that most of the weapons the Russians have they stole from us—at least the technology, they stole from us. Presumably, this continues. Are we going on forever subsidizing their weapons programs and giving them the technology, saving them the work, which they can't do anyway, and saving them the money?

A. We don't want to. This Administration, the first in a long time, has tried, not only in our own business community but with allies, to set some concrete thresholds of technology that would give you a handle on what ought to be sold, and what shouldn't. But there is no doubt that a lot of U.S. technology openly available, some stolen, has wound up costing the American people more money to defend against it later. That's foolish, and we're not going to do that.

Q. Assistant Secretary [of Defense] Richard Perle said we could send home 700 Russians and still have the same number of Russians here that we have Americans there. Why don't we do that? They're all spying, he says.

A. I think at the heart of President Reagan's policy for dealing with the Soviet Union is realism, reciprocity, and that goes to the point of your question. Reciprocity implies that there ought to be a balance between their presence here and ours there. So yes, as a general proposition, the President supports that. Our own cabinet officers, in intelligence as well as defense, point out that there are some down sides to what happens on our side of the ledger if we get into that, but nobody opposes the principle of reciprocity.

Q. What's the matter with the idea that the people, all of them, who work in the U.S. Embassy in Moscow ought to be Americans so there would be fewer Soviet spies indoors?

A. I think we're examining that practice that has led us to employ a number of Soviet citizens as mechanics or as people in supporting services in our Embassy. The Department of State has looked at that for about a year and is going to make some changes there, I think.

Q. What changes? What changes will they make?

A. We haven't gotten to that yet, but there'll be some changes.

Q. On the question of human rights, the pattern when Americans negotiate with the Soviet Union is the Americans raise the subject of human rights and the Soviet negotiator yawns elaborately and looks bored and doodles and says, "Can we not go on and get rid of this subject?" Can we go on allowing them, on the 10th anniversary of the Helsinki agreement, to violate every particular of that agreement, and will it be forcefully raised in the case of Shcharanskiy and Sakharov and the rest, raised by the President personally with Gorbachev? If not, why not?

A. It will be raised. It is a matter, as you say, of international legal commitment on the part of the Soviet Union which they have violated, and even if it weren't a legal matter, as a moral proposition it will remain high, in fact, the leading issue on our agenda, yes. ■

Third Review Conference Held for Nonproliferation Treaty

The third review conference of the parties to the Nuclear Nonproliferation Treaty (NPT) was held in Geneva August 27-September 21, 1985.

Following are the statement by Kenneth L. Adelman, head of the U.S. delegation and Director of the Arms Control and Disarmament Agency (ACDA), of August 28 and the text of the final document.

**AMBASSADOR ADELMAN,
AUG. 28, 1985**

Forty years ago, the world witnessed the birth of a new kind of weapon of unprecedented and until-then unimaginable destructiveness. Since then all nations and all peoples of the world have had to face the promise and the peril of the atom.

Over the next 4 weeks, the distinguished delegates gathered here have the solemn responsibility to discuss the most important subject of our era—the nuclear challenge. Together we will evaluate the contribution to meeting that challenge made by the Treaty on the Nonproliferation of Nuclear Weapons. President Reagan has set forth my country's thoughts on the tasks ahead, which I would like to share with you.

It gives me great pleasure to address this message to the delegates to the third Nonproliferation Treaty review conference—an event that also commemorates the 15th anniversary of that treaty. The Nonproliferation Treaty is a historic accomplishment. It is a critical cornerstone in our common effort to prevent the further spread of nuclear weapons, while providing an essential framework for parties to reap the benefits of the peaceful atom. By reducing the dangers of the spread of nuclear weapons and the risks of nuclear war, it contributes to the security and safety of all nations and all peoples.

My central arms control objective has been to reduce substantially and ultimately to eliminate nuclear weapons and rid the world of the nuclear threat. Toward that end, the United States has proposed in Geneva radical reductions in the number of existing nuclear weapons. This, I believe, is the most direct and best course to pursue if we are to eliminate the danger of nuclear war.

At the same time, I believe that verifiable limitations on nuclear testing can play a useful, although more modest, role.

For this reason, on July 29, I reiterated my desire to get a process going which will enable the United States and the Soviet Union to establish the basis for effectively verifying limits on underground testing. We have invited the Soviet Union to send observers, with any instrumentation devices they wish to bring, to measure a nuclear test at our site. This invitation has no conditions.

Yet another critical objective of the United States is to build a stable, more cooperative relationship with the Soviet Union. Of the shared interests between our two countries, avoiding war and reducing the level of arms are among the greatest. As I have said before, cooperation begins with communication, and I look forward to meeting with General Secretary Gorbachev this November.

All parties to the NPT now share the responsibility of taking stock, of looking in a fair and balanced way at how well the treaty's vital goals are being met, and of considering how we might do even better.

As the operation of this important treaty is reviewed, the conference should also celebrate the fact that it is a tremendous success. The United States remains firmly committed to the objectives embodied in this treaty and to its vision of a more stable and secure world for all nations.

As President Reagan says, it is incumbent upon us once again to take stock of the NPT. This task is especially useful now, as we are more than halfway between its entry-into-force and 1995 when the subject of extending the treaty must be addressed.

Surely there is a diversity of views on how to meet the nuclear challenge, which will be reflected in this hall over the coming month. Indeed, there should be.

As free people, we Americans understand and accept the importance of a diversity of views. This conference's concrete outcome—whether there is a final declaration or what type it may be—is far less important than our holding an honest and balanced review—with, as I say, its panoply of opinion. There is no question in my mind that such a review will reveal that we all share a great stake in the Nonproliferation Treaty and that it serves the security interests of all countries.

Why? Because it has made our world safer. No treaty can be asked to do more. As one of our Founding Fathers, John Jay, stated in the *Federalist Papers*, "Among the many objects to which a wise and free people

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find it necessary to direct their attention, that of providing for their safety seems to be the first."

The treaty was designed to serve three purposes:

- To stop the spread of nuclear weapons;
- To help member nations acquire peaceful nuclear capabilities; and
- Lead to further progress in comprehensive arms control and disarmament measures.

How has it done with these three goals?

Stopping the Spread of Nuclear Weapons

Best, surely, on the first goal, the central element of the treaty which benefits all nations. In the late 1950s and early 1960s, it was feared that there could be no stopping the spread of nuclear weapons. A special committee of the U.S. National Planning Association, for example, predicted in 1958 that "by 1970, most nations with appreciable military strength will have in their arsenals nuclear weapons—strategic, tactical, or both." Similar concerns partly led to a 1961 UN General Assembly resolution, sponsored by Ireland, which called attention to the dangers of proliferation and the need to stop it. President John F. Kennedy, just 2 years later, warned of a world which, by 1975, would have 15-20 nations with nuclear weapons.

Such a fearful expectation could have resulted in diplomatic fatalism and political stagnation. But it did not. World leaders were wise enough to take positive actions to head off the looming danger. The result was the Non-proliferation Treaty. And since its entry into force in 1970, the treaty has truly played a crucial role in stopping the bomb's spread. Who then would have believed that in the ensuing 15 years, only one additional country—India—would detonate a nuclear explosive device? Very few persons, but it turned out so.

As a result, today all of us are more secure. In part, this is due to the treaty's wide adherence, the readiness of more than 125 countries to renounce the acquisition of nuclear explosives and to accept International Atomic Energy Agency (IAEA) safeguards on all their peaceful nuclear activities. These moves have helped check both the domestic pressures and international concerns that can, and otherwise might have,

triggered pursuit of nuclear weapons. The treaty's nonproliferation and safeguards provisions have likewise served as a foundation for sound nuclear supply policies.

Even more important, with its continually growing membership—16 more countries have joined since the last review conference—the treaty reflects an increasingly universal norm of non-proliferation. A world of many nuclear powers is avoidable and must be avoided. For a state to embark on the path to these weapons would be met with international concern, not acquiescence. To acquire them would be met with international condemnation, not praise. These norms, valued at the time of the NPT's creation, have been reinforced every year since.

All countries have an interest in preventing the further spread of nuclear weapons. We in the United States know that a world of many nuclear powers would threaten our security and that of our allies. But the spread of nuclear weapons would equally—if not even more so—threaten the neighbors of a new weapons state and would sooner or later undermine the security of the new owners themselves. Indeed, longstanding suspicions and tensions would be heightened; the risk of conflict increased. The result would be less security for each of us and consequently for all of us.

This simple fact, as I have said, is widely recognized. It underlies the cooperation among us to maintain and strengthen the NPT and other defenses against the bomb's spread. It is reflected in the efforts of many of us—East and West, aligned and nonaligned—to convince more countries to join the treaty. Indeed, it is demonstrated by each of our country's adherence to this treaty, making it the most widely accepted arms control treaty ever.

But pledges of commitment to the treaty are not enough. We need to match our words with actions. The United States has done so, as documented in the information we have provided to the preparatory committee.

First, since the 1980 review, we have tightened further our export procedures to make it even less likely that any U.S. exports would contribute to the risk of further proliferation. We have also worked with other NPT suppliers to upgrade the so-called trigger lists, created to help parties meet their obligations under Article III.

Second, we have urged all nuclear suppliers to agree to require comprehensive, or full-scope, safeguards on all of a non-nuclear-weapons state's peaceful nuclear activities as a condition for significant new supply commitments. Parties to the NPT already accept such comprehensive or full-scope safeguards on their peaceful activities; to require acceptance by nonparties as condition of supply would equalize the treatment of the two. Further, the job of the IAEA would be made easier and greater assurance provided of a country's peaceful intentions in the nuclear field. We continue to believe that all suppliers should adopt this approach.

Third, also since the last review conference, the safeguards agreement that permits routine inspections of U.S. peaceful nuclear facilities has been implemented. The IAEA now has the right to apply safeguards at more than 230 of our private and government-owned nuclear facilities. We welcome inspections at those facilities selected by the IAEA as a means to demonstrate U.S. support for effective safeguards, and will continue to do so. We urge others to do likewise. We are pleased by the recent conclusion of a Soviet voluntary safeguards agreement with the IAEA, and we hope that the Soviets will make additional types and numbers of facilities eligible for safeguards. We hope that China, too, will accept IAEA safeguards on some of its nuclear facilities.

Fourth, the United States in 1981 ratified Protocol I of the treaty of Tlatelolco which creates a nuclear-weapons free zone in Latin America. By this act, we have pledged not to store or deploy nuclear weapons in U.S. territories in the zone. We had earlier ratified Protocol II of this treaty, thereby committing the United States not to use or threaten to use nuclear weapons against parties to the Tlatelolco treaty. A few weeks ago, another regional initiative was announced: a draft nuclear-free zone for the South Pacific. We are ready to study this new draft treaty with interest and an open mind.

So the NPT has been a great success in meeting the first goal of halting the spread of nuclear weapons. And in the words of one of Parkinson's famous laws, the success of a policy can be measured by the catastrophes that do not happen. The proliferation so widely expected in past decades—that catastrophe—just has not happened.

Peaceful Uses of Nuclear Energy

What about the second goal of the treaty—to foster the peaceful uses of nuclear energy? Here the picture is very good.

From the early days of the Atoms for Peace program, the United States has helped other countries gain the peaceful benefits of nuclear energy—to meet their needs in power, in medicine and health care, in science, in industry, and in agriculture. We believed then, as we believe now, that all NPT countries, especially developing countries, have a legitimate right to pursue these peaceful uses, and that NPT parties should receive special benefits.

During the lifetime of the treaty, peaceful nuclear cooperation among NPT parties has steadily expanded. The nonproliferation commitments of the parties to the treaty have provided confidence that peaceful nuclear assistance and exports would not be misused to produce nuclear explosives. This confidence has made it possible for nuclear supply to take place.

The historical record bears out a growth in assistance to parties. During the past 15 years, tens of thousands of students from developing countries were trained in nuclear and related sciences, and that number continues steadily growing. Nearly 20 developing member states now have research reactors. And since 1980, the IAEA has provided nearly \$150 million in technical assistance, more than doubling the funding of the preceding decade, the great bulk going to NPT parties.

Partly as a result, the Republic of Korea now generates a significant part of its electricity from nuclear energy. Mexico, the Philippines, and Egypt are moving to build nuclear power plants. Still others may follow in the years ahead.

Here too, the United States has greatly helped, as a few examples of our activities since 1980 clearly show:

- Virtually all U.S. nuclear export financing—totaling more than \$1 billion—has been given to NPT parties.
- Special training arrangements have been set up to foster technology transfer only with parties to the NPT or the treaty of Tlatelolco.
- We have granted hundreds of fellowships for technical training under the IAEA nearly exclusively to NPT parties.
- All U.S. extra budgetary funding of technical assistance projects not funded by the IAEA has gone to NPT parties.

- We have modified our regulations to make it easier to license exports to NPT parties.

- We have pledged nearly \$22 million to the IAEA's technical assistance program.

In essence, on this second goal of the NPT, we have taken many concrete measures and devoted considerable resources to promote peaceful nuclear programs of real utility to developing countries. As always, still more can be done. We will continue to work with others to help ensure that all of us together take full advantage of the atom's peaceful promise.

Halting the Arms Race

The third—but by no means last—goal of the Nonproliferation Treaty is expressed by Article VI's call for "negotiations in good faith on effective measures relating to cessation of the nuclear arms race. . . ." The United States has undertaken a vast panoply of arms control negotiations to this very end. We have met, and will continue to meet, our obligations under Article VI. Nonetheless we fully share the sentiments felt throughout this room and sure to be voiced in this hall that the results of those negotiations have been disappointing.

This goal of substantial arms control exists quite independently of the NPT, although it is clearly reinforced by it. No other nation, or even set of nations, has more motivation for real steps to stop and reverse nuclear competition than we do. No other nation or set of nations has a greater desire for progress under Article VI.

I would go even further: No nation or set of nations desires progress in arms control more than the United States of America. Preventing nuclear war and moving toward the goal of eliminating nuclear weapons are President Reagan's top priorities. As he has said so often, nuclear war can never be won and must never be fought.

Many of you will point out over the coming month how slender has been progress toward the goal of eliminating nuclear weapons since the treaty entered into force. We can only agree with the thrust of that sentiment, though perhaps not with the explanations.

Still we should not ignore the fact that some progress has been made. The Antiballistic Missile (ABM) Treaty set limits on the deployment of missile

defenses; the SALT Treaties limited, but unfortunately did not reduce, the growth of strategic offensive forces.

No one can deny that there simply are too many nuclear weapons in the world today. No one can deny that we need to get on with the most urgent task of reducing and eventually eliminating those weapons. No one can deny that what is needed now are options not words.

The United States is totally committed to the task. We are not only negotiating intensely and flexibly, but we have acted on our own and with our allies to reduce nuclear weapons. Since the NPT was negotiated in the 1960s, the United States has unilaterally reduced its total nuclear arsenal by one-fourth. Since the NPT was negotiated, we have, again on our own, reduced the total destructive power in our nuclear arsenal by well over one half. And since the last review conference, the United States, along with its NATO allies, withdrew 1,000 nuclear warheads from Europe and subsequently decided in 1983 to pull out another 1,400.

Since the last review conference, and again here today, the United States has proposed that the Soviet Union send observers, with any instrumentation devices they wish to bring, to measure one of our nuclear tests. If the Soviets agree, which we hope, this can begin a process to help effectively verify limits on underground nuclear testing.

For our part, we remain committed to a complete ban on nuclear testing as a long term goal. But we do not agree it should be the next step in our efforts to reduce the nuclear threat. A nuclear test ban would not reduce the number of nuclear weapons. And our most urgent task must be deep reductions of those existing nuclear arsenals.

For that reason, since the last review conference, the United States has tabled first in the strategic arms reduction talks (START) and the intermediate-range nuclear forces (INF) talks, and now in the Geneva nuclear and space talks, far-reaching proposals to reduce radically the number of strategic ballistic missiles, their warheads, and their destructive potential. It is these systems that pose the gravest threat today. Other U.S. proposals would eliminate a whole category of nuclear weapons—so-called intermediate-range nuclear forces. Our goal is action on arms control: negotiating concrete agreements which are effective, verifiable, and equal in treatment of both sides.

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In just a few weeks, in this city, the next round of the nuclear and space talks will resume. We know that the stakes are high. We remain convinced that agreements can be reached which would strengthen stability and serve all countries' security. We stand ready to make the commitments necessary to produce such agreements.

Conclusion

So now, 15 years after the treaty's entry into force, what is the record of achievement in pursuit of its three goals? A high score is warranted on the first goal of halting the spread of nuclear weapons; a clearly positive rating on advancing the peaceful uses of nuclear energy; but despite on-going negotiations, less progress than wanted in reaching sound arms control accords. What is the overall assessment? On

Background on the NPT

The Treaty on the Non-Proliferation of Nuclear Weapons (NPT) was concluded on July 1, 1968, and entered into force on March 5, 1970.¹ With 130 states now party to the treaty (including the nuclear-weapons states of the U.S., U.K., and U.S.S.R.), it is the most widely subscribed arms control agreement in history.

The NPT continues to be a cornerstone of international efforts to prevent the spread of nuclear weapons. This has been a fundamental national security and political objective of the United States for the past 40 years. At the same time, the treaty establishes a framework within which nations can cooperate to obtain the benefits of the peaceful atom under strict controls to prevent its misuse for nuclear explosive purposes. Finally, the NPT calls upon all states, particularly the nuclear weapons states, to pursue good faith negotiations to end the nuclear arms race.

Three conferences have been held to review the implementation of the terms of the treaty: May 5-30, 1975; August 11-September 7, 1980, and August 27-September 21, 1985.

¹For text, see BULLETIN of July 1, 1968. ■

balance, has the NPT successfully served the interests of its parties?

Before reaching that final evaluation, let us look back again over the four decades since the dawn of the atomic age. Since then nuclear weapons, thankfully, have not been considered just megapowerful conventional arms. They have not been used in over four decades.

At the same time, the four decades of nuclear peace have seen four decades of countless smaller wars, costing hundreds of thousands of lives. The list of countries—nuclear and non-nuclear—involved in such conflicts would run many pages. Just think for a moment of the consequences to all of our citizens and to the world if nuclear weapons had been used in any of these conflicts.

Herein lies the ultimate overall evaluation of the Nonproliferation Treaty. It has served very well as a cornerstone of the success that we have enjoyed thus far in preventing that further spread of nuclear weapons. It equally has provided and continues to provide a moral and political imperative for the existing nuclear-weapons states to negotiate additional measures to reduce and eventually eliminate the threat of nuclear war. Both aspects serve the security of each and every country represented in this hall and are in the interest of those nonmembers as well. Nor should we forget the treaty's contribution to making available the benefits of the peaceful atom.

Therefore, in the view of the United States, and taken as a whole, the NPT has been very successful. Without it, the world would quite simply be a much more dangerous place. This is an essential point that we all must never lose sight of even if we are disappointed with progress in one particular area or another.

Over the coming weeks here, let us recognize the successes of the treaty while we acknowledge where greater progress still is needed. The United States will present its views frankly and will listen to your views intently.

Most importantly, let us rededicate ourselves to the treaty's principles and goals. They were sound when the treaty was born. They remain sound today. We will stand with you in this rededication. We will stand with you too in making our actions implement those principles in the future. And we will stand with you in building on the treaty's successes. This, the world expects of us. We can afford to do no less.

FINAL DECLARATION, SEPT. 21, 1985

The States Party to the Treaty on the Non-Proliferation of Nuclear Weapons, which met in Geneva from 27 August to 21 September 1985 to review the operation of the Treaty, solemnly declare:

- Their conviction that the Treaty is essential to international peace and security,
- Their continued support for the objectives of the Treaty which are:
 - the prevention of proliferation of nuclear weapons or other nuclear explosive devices;
 - the cessation of the nuclear arms race, nuclear disarmament and a treaty on general and complete disarmament;
 - the promotion of co-operation between States Parties in the field of the peaceful uses of nuclear energy;
- The reaffirmation of their firm commitment to the purposes of the preamble and the provisions of the Treaty,
- Their determination to enhance the implementation of the Treaty and to further strengthen its authority.

REVIEW OF THE OPERATION OF THE TREATY AND RECOMMENDATIONS

Articles I and II and Preambular Paragraphs 1-3

1. The Conference noted the concerns and convictions expressed in preambular paragraphs 1 to 3 and agreed that they remain valid. The States Party to the Treaty remain resolved in their belief in the need to avoid the devastation that a nuclear war would bring. The Conference remains convinced that any proliferation of nuclear weapons would seriously increase the danger of a nuclear war.

2. The Conference agreed that the strict observance of the terms of Articles I and II remains central to achieving the shared objectives of preventing, under any circumstances, the further proliferation of nuclear weapons and preserving the Treaty's vital contribution to peace and security, including to the peace and security of non-Parties.

3. The Conference acknowledged the declarations by nuclear-weapons States Party to the Treaty that they had fulfilled their obligations under Article I. The Conference further acknowledged the declarations that non-nuclear-weapons States Party to the Treaty had fulfilled their obligations under Article II. The Conference was of the view, therefore, that one of the primary objectives of the Treaty had been achieved in the period under review.

4. The Conference also expressed deep concern that the national nuclear programmes of some States non-Party to the Treaty may lead them to obtain a nuclear

weapon capability. States Party to the Treaty stated that any further detonation of a nuclear explosive device by any non-nuclear-weapon State would constitute a most serious breach of the non-proliferation objective.

5. The Conference noted the great and serious concerns expressed about the nuclear capability of South Africa and Israel. The Conference further noted the calls on all States for the total and complete prohibition of the transfer of all nuclear facilities, resources or devices to South Africa and Israel and to stop all exploitation of Namibian uranium, natural or enriched, until the attainment of Namibian independence.

Article III and Preambular Paragraphs 4 and 5

1. The Conference affirms its determination to strengthen further the barriers against the proliferation of nuclear weapons and other nuclear explosive devices to additional States. The spread of nuclear explosive capabilities would add immeasurably to regional and international tensions and suspicions. It would increase the risks of nuclear war and lessen the security of all States. The Parties remain convinced that universal adherence to the Non-Proliferation Treaty is the best way to strengthen the barriers against proliferation and they urge all States not Party to the Treaty to accede to it. The Treaty and the regime of non-proliferation it supports play a central role in promoting regional and international peace and security, *inter alia*, by helping to prevent the spread of nuclear explosives. The non-proliferation and safeguards commitments in the Treaty are essential also for peaceful nuclear commerce and co-operation.

2. The Conference expresses the conviction that IAEA safeguards provide assurance that States are complying with their undertakings and assist States in demonstrating this compliance. They thereby promote further confidence among States and, being a fundamental element of the Treaty, help to strengthen their collective security. IAEA safeguards play a key role in preventing the proliferation of nuclear weapons and other nuclear explosive devices. Unsafeguarded nuclear activities in non-nuclear-weapon States pose serious proliferation dangers.

3. The Conference declares that the commitment to non-proliferation by nuclear-weapon States Party to the Treaty pursuant to Article I, by non-nuclear-weapon States Party to the Treaty pursuant to Article II and by the acceptance of IAEA safeguards on all peaceful nuclear activities within non-nuclear-weapon States Party to the Treaty pursuant to Article III is a major contribution by those States to regional and international security. The Conference notes with satisfaction that the commitments in Articles I-III have been met and have greatly helped prevent the spread of nuclear explosives.

4. The Conference, therefore, specifically urges all non-nuclear-weapon States not Party to the Treaty to make an international legally binding commitment not to acquire

nuclear weapons or other nuclear explosive devices and to accept IAEA safeguards on all their peaceful nuclear activities, both current and future, to verify that commitment. The Conference further urges all States in their international nuclear co-operation and in their nuclear export policies and, specifically as a necessary basis for the transfer of relevant nuclear supplies to non-nuclear-weapon States, to take effective steps towards achieving such a commitment to non-proliferation and acceptance of such safeguards by those States. The Conference expresses its view that accession to the Non-Proliferation Treaty is the best way to achieve that objective.

5. The Conference expresses its satisfaction that four of the five nuclear-weapon States have voluntarily concluded safeguards agreements with the IAEA, covering all or part of their peaceful nuclear activities. The Conference regards those agreements as further strengthening the non-proliferation regime and increasing the authority of IAEA and the effectiveness of its safeguards system. The Conference calls on the nuclear-weapon States to continue to co-operate fully with the IAEA in the implementation of these agreements and calls on IAEA to take full advantage of this co-operation. The Conference urges the People's Republic of China similarly to conclude a safeguards agreement with IAEA. The Conference recommends the continued pursuit of the principle of universal application of IAEA safeguards to all peaceful nuclear activities in all States. To this end, the Conference recognizes the value of voluntary offers and recommends further evaluation of the economic and practical possibility of extending application of safeguards to additional civil facilities in the nuclear-weapon States as and when IAEA resources permit and consideration of separation of the civil and military facilities in the nuclear-weapon States. Such an extending of safeguards will enable the further development and application of an effective regime in both nuclear-weapon States and non-nuclear-weapon States.

6. The Conference also affirms the great value to the non-proliferation regime of commitments by the nuclear-weapon States that nuclear supplies provided for peaceful use will not be used for nuclear weapons or other nuclear explosive purposes. Safeguards in nuclear-weapon States pursuant to their safeguards agreements with IAEA can verify observance of those commitments.

7. The Conference notes with satisfaction the adherence of further Parties to the Treaty and the conclusion of further safeguards agreements in compliance with the undertaking of the Treaty and recommends that:

(a) The non-nuclear-weapon States Party to the Treaty that have not concluded the agreements required under Article III(4) conclude such agreements with IAEA as soon as possible;

(b) The Director-General of IAEA intensify his initiative of submitting to States concerned draft agreements to facilitate the conclusion of corresponding safeguards agreements, and that Parties to the Treaty, in particular Depositary Parties, should actively support these initiatives;

(c) All States Party to the Treaty make strenuous individual and collective efforts to make the Treaty truly universal.

8. The Conference notes with satisfaction that IAEA, in carrying out its safeguards activities, has not detected any diversion of a significant amount of safeguarded material to the production of nuclear weapons, other nuclear explosive devices or to purposes unknown.

9. The Conference notes that IAEA safeguards activities have not hampered the economic, scientific or technological development of the Parties to the Treaty, or international co-operation in peaceful nuclear activities and it urges that this situation be maintained.

10. The Conference commends IAEA on its implementation of safeguards pursuant to this Treaty and urges it to continue to ensure the maximum technical and cost effectiveness and efficiency of its operations, while maintaining consistency with the economic and safe conduct of nuclear activities.

11. The Conference notes with satisfaction the improvement of IAEA safeguards which has enabled it to continue to apply safeguards effectively during a period of rapid growth in the number of safeguarded facilities. It also notes that IAEA safeguards approaches are capable of adequately dealing with facilities under safeguards. In this regard, the recent conclusion of the project to design a safeguards regime for centrifuge enrichment plants and its implementation is welcomed. This project allows the application of an effective regime to all plants of this type in the territories both of nuclear-weapon States and non-nuclear-weapon States Parties to the Treaty.

12. The Conference emphasizes the importance of continued improvements in the effectiveness and efficiency of IAEA safeguards, for example, but not limited to:

(a) Uniform and non-discriminatory implementation of safeguards;

(b) The expeditious implementation of new instruments and techniques;

(c) The further development of methods for evaluation of safeguards effectiveness in combination with safeguards information;

(d) Continued increases in the efficiency of the use of human and financial resources and of equipment.

13. The Conference believes that further improvement of the list of materials and equipment which, in accordance with Article III(2) of the Treaty, calls for the application of IAEA safeguards should take account of advances in technology.

14. The Conference recommends that IAEA establish an internationally agreed effective system of international plutonium storage in accordance with Article XII(A)5 of its statute.

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15. The Conference welcomes the significant contributions made by States Parties in facilitating the application of IAEA safeguards and in supporting research, development and other supports to further the application of effective and efficient safeguards. The Conference urges that such co-operation and support be continued and that other States Parties provide similar support.

16. The Conference calls upon all States to take the IAEA safeguards requirements fully into account while planning, designing and constructing new nuclear fuel cycle facilities and while modifying existing nuclear fuel cycle facilities.

17. The Conference also calls on States Parties to the Treaty to assist IAEA in applying its safeguards, *inter alia*, through the efficient operation of States systems of accounting for and control of nuclear material, and including compliance with all notification requirements in accordance with safeguards agreements.

18. The Conference welcomes the Agency's endeavors to recruit and train staff of the highest professional standards for safeguards implementation with due regard to the widest possible geographical distribution, in accordance with Article VII(D) of the IAEA statute. It calls upon States to exercise their right regarding proposals of designation of IAEA inspectors in such a way as to facilitate the most effective use of safeguards manpower.

19. The Conference also commends to all States Parties the merits of establishment of international fuel cycle facilities, including multinational participation, as a positive contribution to reassurance of the peaceful use and non-diversion of nuclear materials. While primarily a national responsibility, the Conference sees advantages in international co-operation concerning spent fuel storage and nuclear waste storage.

20. The Conference calls upon States Parties to continue their political, technical and financial support of the IAEA safeguards system.

21. The Conference underlines the need for IAEA to be provided with the necessary financial and human resources to ensure that the Agency is able to continue to meet effectively its safeguards responsibilities.

22. The Conference urges all States that have not done so to adhere to the Convention on the Physical Protection of Nuclear Material at the earliest possible date.

Article IV and Preambular Paragraphs 6 and 7

1. The Conference affirms that the NPT fosters the world-wide peaceful use of nuclear energy and reaffirms that nothing in the Treaty shall be interpreted as affecting the inalienable right of any Party to the Treaty to develop research, production and use of nuclear energy for peaceful purposes without discrimination and in conformity with Articles I and II.

2. The Conference reaffirms the undertaking by all Parties to the Treaty, in accordance with Article IV and preambular paragraphs 6 and 7, to facilitate the fullest possible exchange of equipment, materials and scientific and technological information for the peaceful uses of nuclear energy and the right of all Parties to the Treaty to participate in such exchange. In this context, the Conference recognizes the importance of services. This can contribute to progress in general and to the elimination of technological and economic gaps between the developed and developing countries.

3. The Conference reaffirms the undertaking of the Parties to the Treaty in a position to do so to co-operate in contributing, alone or together with other States or international organizations, to the further development of the applications of nuclear energy for peaceful purposes, especially in the territories of the non-nuclear-weapon States Party to the Treaty, with due consideration for the needs of the developing areas of the world. In this context the Conference recognizes the particular needs of the least developed countries.

4. The Conference requests that States Parties consider possible bilateral cooperation measures to further improve the implementation of Article IV. To this end, States Parties are requested to give in written form their experiences in this area in the form of national contributions to be presented in a report to the next Review Conference.

5. The Conference recognizes the need for more predictable long-term supply assurances with effective assurance of non-proliferation.

6. The Conference commends the recent progress which the IAEA's Committee on Assurances of Supply (CAS) has made towards agreeing to a set of principles related to this matter, and expresses the hope that the Committee will complete this work soon. The Conference further notes with satisfaction the measures which CAS has recommended to the IAEA Board of Governors for alleviating technical and administrative problems in international shipments of nuclear items, emergency and back-up mechanisms and mechanisms for the revision of international nuclear co-operation agreements and calls for the early completion of the work of CAS and the implementation of its recommendations.

7. The Conference reaffirms that in accordance with international law and applicable treaty obligations, States should fulfill their obligations under agreements in the nuclear field, and any modification of such agreements, if required, should be made only by mutual consent of the Parties concerned.

8. The Conference confirms that each country's choices and decisions in the field of peaceful uses of nuclear energy should be respected without jeopardizing their respective fuel cycle policies. International co-operation in this area, including international transfer and subsequent operations, should be governed by effective assurances of non-proliferation and predictable long-term supply

assurances. The issuance of related licenses and authorization involved should take place in a timely fashion.

9. While recognizing that the operation and management of the back-end of the fuel cycle, including nuclear waste storage, are primarily a national responsibility, the Conference acknowledges the importance for the peaceful uses of nuclear energy of international and multilateral collaboration for arrangements in this area.

10. The Conference expresses its profound concern about the Israeli attack on Iraq's safeguarded nuclear reactor on 7 June 1981. The Conference recalls Security Council Resolution 487 of 1981, strongly condemning the military attack by Israel which was unanimously adopted by the Council and which considered that the said attack constituted a serious threat to the entire IAEA safeguards regime which is the foundation of the Non-proliferation Treaty. The Conference also takes note of the decisions and resolutions adopted by the United Nations General Assembly and the International Atomic Energy Agency on this attack, including Resolution 425 adopted by the General Conference of the IAEA.

11. The Conference recognizes that an armed attack on a safeguarded nuclear facility, or threat of attack, would create a situation in which the Security Council would have to act immediately in accordance with provisions of the United Nations Charter. The Conference further emphasizes the responsibilities of the Depositaries of NPT in their capacity as Permanent Members of the Security Council to endeavour, in consultation with the other Members of the Security Council, to give full consideration to all appropriate measures to be undertaken by the Security Council to deal with the situation, including measures under Chapter VII of the United Nations Charter.

12. The Conference encourages Parties to be ready to provide immediate peaceful assistance in accordance with international law to any Party to the NPT, if it so requests, whose safeguarded nuclear facilities have been subject to an armed attack, and calls upon all States to abide by any decision taken by the Security Council in accordance with the United Nations Charter in relation to the attacking State.

13. The Conference considers that such attacks could involve grave dangers due to the release of radioactivity and that such attacks or threats of attack jeopardize the development of the peaceful uses of nuclear energy. The Conference also acknowledges that the matter is under consideration by the Conference on Disarmament and urges co-operation of all States for its speedy conclusion.

14. The Conference acknowledges the importance of the work of the International Atomic Energy Agency (IAEA) as the principal agent for technology transfer amongst the international organizations referred to in Article IV(2) and welcomes the successful operation of the Agency's technical assistance

and co-operation programmes. The Conference records with appreciation that projects supported from these programmes covered a wide spectrum of applications, related both to power and non-power uses of nuclear energy notably in agriculture, medicine, industry and hydrology. The Conference notes that the Agency's assistance to the developing States Party to the Treaty has been chiefly in the non-power uses of nuclear energy.

15. The Conference welcomes the establishment by the IAEA, following a recommendation of the First Review Conference of the Parties to the Treaty, of a mechanism to permit the channelling of extra-budgetary funds to projects additional to those financed from the IAEA technical assistance and co-operation fund. The Conference notes that this channel has been used to make additional resources available for a wide variety of projects in developing States Party to the Treaty.

16. In this context, the Conference proposes the following measures for consideration by the IAEA:

(i) IAEA assistance to developing countries in siting, construction, operation and safety of nuclear power projects and the associated trained manpower provision to be strengthened;

(ii) To provide, upon request, assistance in securing financing from outside sources for nuclear power projects in developing countries, and in particular the least developed countries;

(iii) IAEA assistance in nuclear planning systems for developing countries to be strengthened in order to help such countries draw up their own nuclear development plans;

(iv) IAEA assistance on country-specific nuclear development strategies to be further developed, with a view to identifying the application of nuclear technology that can be expected to contribute most to the development both of individual sectors and developing economies as well;

(v) Greater support for regional co-operative agreements, promoting regional projects based on regionally agreed priorities and using inputs from regional countries;

(vi) Exploration of the scope for multi-year, multi-donor projects financed from the extra-budgetary resources of the IAEA;

(vii) The IAEA's technical co-operation evaluation activity to be further developed, so as to enhance the Agency's effectiveness in providing technical assistance.

17. The Conference underlines the need for the provision to the IAEA of the necessary financial and human resources to ensure that the Agency is able to continue to meet effectively its responsibilities.

18. The Conference notes the appreciable level of bilateral co-operation in the peaceful uses of nuclear energy, and urges that States in a position to do so should continue and where possible increase the level of their co-operation in these fields.

19. The Conference urges that preferential treatment should be given to the non-nuclear-weapon States Party to the Treaty in access to or transfer of equipment, materials, services and scientific and technological information for the peaceful uses of nuclear energy, taking particularly into account needs of developing countries.

20. Great and serious concerns were expressed at the Conference about the nuclear capability of South Africa and Israel and that the development of such a capability by South Africa and Israel would undermine the credibility and stability of the Non-Proliferation Treaty regime. The Conference noted the demands made on all States to suspend any co-operation which would contribute to the nuclear programme of South Africa and Israel. The Conference further noted the demands made on South Africa and Israel to accede to the NPT, to accept IAEA safeguards on all their nuclear facilities and to pledge themselves not to manufacture or acquire nuclear weapons or other nuclear explosive devices.

21. The Conference recognizes the growing nuclear energy needs of the developing countries as well as the difficulties which the developing countries face in this regard, particularly with respect to financing their nuclear power programmes. The Conference calls upon States Party to the Treaty to promote the establishment of favourable conditions in national, regional and international financial institutions for financing of nuclear energy projects including nuclear power programmes in developing countries. Furthermore, the Conference calls upon the IAEA to initiate and the Parties to the Treaty to support the work of an expert group study on mechanisms to assist developing countries in the promotion of their nuclear power programmes, including the establishment of a financial assistance fund.

22. The Conference recognizes that further IAEA assistance in the preparation of feasibility studies and infrastructure development might enhance the prospects for developing countries for obtaining finance, and recommends such countries as are members of the Agency to apply for such help under the Agency's technical assistance and co-operation programmes. The Conference also acknowledges that further support for the IAEA's small and medium power reactor (SMR) study could help the development of nuclear reactors more suited to the needs of some of the developing countries.

23. The Conference expresses its satisfaction at the progress in the preparations for the United Nations Conference for the Promotion of International Co-operation in the Peaceful Uses of Nuclear Energy (UNCPIP-PUNE) and its conviction that UNCPIP-PUNE will fully realize its goals in accordance with the objectives of Resolution 32/60 and relevant subsequent resolutions of the General Assembly for the development of national programmes of peaceful uses of nuclear energy for economic and social development, especially in the developing countries.

24. The Conference considers that all proposals related to the promotion and strengthening of international co-operation in the peaceful uses of nuclear energy which have been produced by the Third Review Conference of the NPT, be transmitted to the Preparatory Committee of UNCPIP-PUNE.

Article V

1. The Conference reaffirms the obligation of Parties to the Treaty to take appropriate measures to ensure that potential benefits from any peaceful applications of nuclear explosions are made available to non-nuclear-weapon States Party to the Treaty in full accordance with the provisions of Article V and other applicable international obligations, that such services should be provided to non-nuclear-weapon States Party to the Treaty on a non-discriminatory basis and that the charge to such Parties for the explosive devices used should be as low as possible and exclude any charge for research and development.

2. The Conference confirms that the IAEA would be the appropriate international body through which any potential benefits of the peaceful applications of nuclear explosions could be made available to non-nuclear-weapon States under the terms of Article V of the Treaty.

3. The Conference notes that the potential benefits of the peaceful applications of nuclear explosions have not been demonstrated and that no requests for services related to the peaceful applications of nuclear explosions have been received by the IAEA since the Second NPT Review Conference.

Article VI and Preambular Paragraphs 8-12 (A)

1. The Conference recalled that under the provisions of Article VI all Parties have undertaken to pursue negotiations in good faith:

- On effective measures relating to cessation of the nuclear arms race at an early date;
- On effective measures relating to nuclear disarmament;
- On a treaty on general and complete disarmament under strict and effective international control.

2. The Conference undertook an evaluation of the achievements in respect to each aspect of the Article in the period under review, and paragraphs 8 to 12 of the preamble, and in particular with regard to the goals set out in preambular paragraph 10 which recalls the determination expressed by the Parties to the Partial Test Ban Treaty to continue negotiations to achieve the discontinuance of all test explosions of nuclear weapons for all time.

ARMS CONTROL

3. The Conference recalled the declared intention of the Parties to the Treaty to achieve at the earliest possible date the cessation of the nuclear arms race and to undertake effective measures in the direction of nuclear disarmament and their urging made to all States Parties to co-operate in the attainment of this objective. The Conference also recalled the determination expressed by the Parties to the 1963 Treaty Banning Nuclear Weapons Tests in the Atmosphere, in Outer Space and Under Water in its preamble to seek to achieve the discontinuance of all test explosions on nuclear weapons for all time and the desire to further the easing of international tension and the strengthening of trust between States in order to facilitate the cessation of the manufacture of nuclear weapons, the liquidation of all existing stockpiles and the elimination from national arsenals of nuclear weapons and the means of their delivery.

4. The Conference notes that the Tenth Special Session of the General Assembly of the United Nations concluded, in paragraph 50 of its Final Document, that the achievement of nuclear disarmament will require urgent negotiations of agreements at appropriate stages and with adequate measures of verification satisfactory to the States concerned for:

(a) Cessation of the qualitative improvement and development of nuclear-weapon systems;

(b) Cessation of the production of all types of nuclear weapons and their means of delivery, and of the production of fissionable material for weapons purposes;

(c) A comprehensive, phased programme with agreed timetables whenever feasible, for progressive and balanced reduction of stockpiles of nuclear weapons and their means of delivery, leading to their ultimate and complete elimination at the earliest possible time.

5. The Conference also recalled that in the Final Declaration of the First Review Conference, the Parties expressed the view that the conclusion of a treaty banning all nuclear-weapon tests was one of the most important measures to halt the nuclear arms race and expressed the hope that the nuclear-weapon States Party to the Treaty would take the lead in reaching an early solution of the technical and political difficulties of this issue.

6. The Conference examined developments relating to the cessation of the nuclear arms race, in the period under review, and noted in particular that the destructive potentials of the nuclear arsenals of nuclear-weapon States Parties were undergoing continuing development, including a growing research and development component in military spending, continued nuclear testing, development of new delivery systems and their deployment.

7. The Conference noted the concerns expressed regarding developments with far reaching implications and the potential of a new environment, space, being drawn into the arms race. In that regard the Conference also noted the fact that the United States of America and the Union of Soviet Socialist Republics are pursuing bilateral negotiations on a broad complex of questions concerning space and nuclear arms, with a view to achieving effective agreements aimed at preventing an arms race in space and terminating it on Earth.

8. The Conference noted with regret that the development and deployment of nuclear weapon systems had continued during the period of review.

9. The Conference also took note of numerous proposals and actions, multilateral and unilateral, advanced during the period under review by many States with the aim of making progress towards the cessation of the nuclear arms race and nuclear disarmament.

10. The Conference examined the existing situation in the light of the undertaking assumed by the Parties in Article VI to pursue negotiations in good faith on effective measures relating to cessation of the nuclear arms race at an early date and to nuclear disarmament. The Conference recalled that a stage of negotiations on the strategic arms limitation talks (SALT II) had been concluded in 1979, by the signing of the Treaty which had remained unratified. The Conference noted that both the Union of Soviet Socialist Republics and the United States of America had declared that they are abiding by the provisions of SALT II.

11. The Conference recalled that the bilateral negotiations between the Union of Soviet Socialist Republics and the United States of America which were held between 1981 and 1983 were discontinued without any concrete results.

12. The Conference noted that bilateral negotiations between the Union of Soviet Socialist Republics and the United States of America had been held in 1985 to consider questions concerning space and nuclear arms, both strategic and intermediate-range, with all the questions considered and resolved in their interrelationship. No agreement has emerged so far. These negotiations are continuing.

13. The Conference evaluated the progress made in multilateral nuclear disarmament negotiations in the period of the review.

14. The Conference recalled that the trilateral negotiations on a comprehensive test ban treaty, begun in 1977 between the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland and the United States of America, had not continued after 1980, that the Committee on Disarmament and later the Conference on Disarmament had been called upon by the General Assembly of the United Nations in successive years to begin negotiations on such a treaty, and noted that such negotiations had not been initiated, despite the submission of draft treaties and different proposals to the Conference on Disarmament in this regard.

15. The Conference noted the lack of progress on relevant items of the agenda of the Conference on Disarmament, in particular those relating to the cessation of the nuclear arms race and nuclear disarmament, the prevention of nuclear war including all related matters and effective international arrangements to assure non-nuclear-weapon States against the use or threat of use of nuclear weapons.

16. The Conference noted that two Review Conferences had taken place since 1968, one on the Sea-Bed Treaty and one on the Environmental Modification Treaty and three general conferences of the Agency for the prohibition of nuclear weapons in Latin America. In 1982 a Special United Nations General Assembly Session on Disarmament took place without any results in matters directly linked to nuclear disarmament.

17. The Conference also noted the last five years had thus not given any results concerning negotiations on effective measures relating to cessation of the nuclear arms race and to nuclear disarmament.

Article VI and Preambular Paragraphs 8-12 (B)

1. The Conference concluded that, since no agreements had been reached in the period under review on effective measures relating to the cessation of an arms race at an early date, on nuclear disarmament and on a treaty on general and complete disarmament under strict and effective international control, the aspirations contained in preambular paragraphs 8 to 12 had still not been met, and the objectives under Article VI had not yet been achieved.

2. The Conference reiterated that the implementation of Article VI is essential to the maintenance and strengthening of the Treaty, reaffirmed the commitment of all States Parties to the implementation of this article and called upon the States Parties to intensify their efforts to achieve fully the objectives of the article. The Conference addressed a call to the nuclear-weapon States Parties in particular to demonstrate this commitment.

3. The Conference welcomes the fact that the United States of America and the Union of Soviet Socialist Republics are conducting bilateral negotiations on a complex of questions concerning space and nuclear arms—both strategic and intermediate-range—with all these questions considered and resolved in their interrelationship. It hopes that these negotiations will lead to early and effective agreements aimed at preventing an arms race in space and terminating it on Earth, at limiting and reducing nuclear arms and at strengthening strategic stability. Such agreements will complement and ensure the positive outcome of multilateral negotiations on disarmament, and would lead to the reduction of international tensions and the promotion of international peace and security. The Conference recalls that the two sides believe that ultimately the bilateral negotiations, just as efforts in general to limit and reduce arms, should lead to the complete elimination of nuclear arms everywhere.

4. The Conference urges the Conference on Disarmament, as appropriate, to proceed to early multilateral negotiations on nuclear disarmament in pursuance of paragraph 50 of the Final Document of the First Special Session of the General Assembly of the United Nations Devoted to Disarmament.

5. The Conference reaffirms the determination expressed in the preamble of the 1963 Partial Test Ban Treaty, confirmed in Article I(B) of the said Treaty and reiterated in preambular paragraph 10 of the Non-Proliferation Treaty, to achieve a discontinuance of all test explosions of nuclear weapons for all time.

6. The Conference also recalls that in the Final Document of the First Review Conference, the Parties expressed the view that the conclusion of a treaty banning all nuclear weapons tests was one of the most important measures to halt the nuclear arms race. The Conference stresses the important contribution that such a treaty would make towards strengthening and extending the international barriers against the proliferation of nuclear weapons; it further stresses that adherence to such a treaty by all States would contribute substantially to the full achievement of the non-proliferation objective.

7. The Conference also took note of the appeals contained in five successive United Nations General Assembly resolutions since 1981 for a moratorium on nuclear weapons testing pending the conclusion of a comprehensive test ban treaty, and of similar calls made at this Conference. It also took note of the measure announced by the Union of Soviet Socialist Republics for a unilateral moratorium on all nuclear explosions from 6 August 1985 until 1 January 1986, which would continue beyond that date if the United States of America, for its part, refrained from carrying out nuclear explosions. The Union of Soviet Socialist Republics suggested that this would provide an example for other nuclear-weapon States and would create favourable conditions for the conclusion of a comprehensive test ban treaty and the promotion of the fuller implementation of the Non-Proliferation Treaty.

8. The Conference took note of the unconditional invitation extended by the United States of America to the Union of Soviet Socialist Republics to send observers, who may bring any equipment they deem necessary, to measure a United States of America nuclear test in order to begin a process which in the view of the United States would help to ensure effective verification of limitations on under-ground nuclear testing.

9. The Conference also took note of the appeals contained in five United Nations General Assembly resolutions since 1982 for a freeze on all nuclear weapons in quantitative and qualitative terms, which should be taken by all nuclear-weapon States or, in the first instance and simultaneously, by the Union of Soviet Socialist Republics and the United States of America on the understanding that the other nuclear-weapon States would follow their example, and of similar calls made at this Conference.

10. The Conference took note of proposals by the Union of Soviet Socialist Republics and the United States of America for the reduction of nuclear weapons.

11. The Conference took note of proposals submitted by States Parties on a number of related issues relevant to achieving the purposes of Article VI and set out in Annex I to this document and in the statements made in the General Debate of the Conference.

12. The Conference reiterated its conviction that the objectives of Article VI remained unfulfilled and concluded that the nuclear-weapon States should make greater efforts to ensure effective measures for the cessation of the nuclear arms race at an early date, for nuclear disarmament and for a treaty on general and complete disarmament under strict and effective international control.

13. The Conference expressed the hope for rapid progress in the US-USSR bilateral negotiations.

14. The Conference, except for certain States whose views are reflected in the following sub-paragraph, deeply regretted that a comprehensive multilateral nuclear test ban treaty banning all nuclear tests by all States in all environments for all time had not been concluded so far and, therefore, called on the nuclear-weapon States Party to the Treaty to resume trilateral negotiations in 1985 and called on all the nuclear-weapon States to participate in the urgent negotiation and conclusion of such a treaty as a matter of the highest priority in the Conference on Disarmament.

15. At the same time, the Conference noted that certain States Party to the Treaty, while committed to the goal of an effectively verifiable comprehensive nuclear test ban treaty, considered deep and verifiable reductions in existing arsenals of nuclear weapons as the highest priority in the process of pursuing the objective of Article VI.

16. The Conference also noted the statement of the USSR as one of the nuclear-weapon States Party to the Treaty, recalling its repeatedly expressed readiness to proceed forthwith to negotiations, trilateral and multilateral, with the aim of concluding a comprehensive nuclear test ban treaty and the submission by it of a draft treaty proposal to this end.

Article VII and the Security of Non-Nuclear-Weapon States

1. The Conference observes the growing interest in utilizing the provisions of Article VII of the Non-Proliferation Treaty, which recognizes the right of any group of States to conclude regional treaties in order to assure the absence of nuclear weapons in their respective territories.

2. The Conference considers that the establishment of nuclear-weapon-free zones on the basis of arrangements freely arrived at among the States of the region concerned constitutes an important disarmament measure and, therefore, the process of establishing such zones in different parts of

the world should be encouraged with the ultimate objective of achieving a world entirely free of nuclear weapons. In the process of establishing such zones, the characteristics of each region should be taken into account.

3. The Conference emphasizes the importance of concluding nuclear-weapon-free zone arrangements in harmony with internationally recognized principles, as stated in the Final Document of the First Special Session of the United Nations Devoted to Disarmament.

4. The Conference holds the view that, under appropriate conditions, progress towards the establishment of nuclear-weapon-free zones will create conditions more conducive to the establishment of zones of peace in certain regions of the world.

5. The Conference expresses its belief that concrete measures of nuclear disarmament would significantly contribute to creating favorable conditions for the establishment of nuclear-weapon-free zones.

6. The Conference expresses its satisfaction at the continued successful operation of the Treaty for the Prohibition of Nuclear Weapons in Latin America (Treaty of Tlatelolco). It reaffirms the repeated exhortation of the General Assembly to France, which is already a signatory of additional Protocol I, to ratify it, and calls upon the Latin American States that are eligible to become Parties to the Treaty to do so. The Conference welcomes the signature and ratification of Additional Protocol II to this Treaty by all nuclear-weapon States.

7. The Conference also notes the continued existence of the Antarctic Treaty.

8. The Conference notes the endorsement of the South Pacific Nuclear Free Zone Treaty by the South Pacific Forum on 6 August 1985 at Rarotonga and welcomes this achievement as consistent with Article VII of the Non-Proliferation Treaty. The Conference also takes note of the draft protocols to the South Pacific Nuclear Free Zone Treaty and further notes that agreement at the South Pacific Forum that consultations on the protocols should be held between members of the Forum and the nuclear-weapon States eligible to sign them.

9. The Conference takes note of the existing proposals and the ongoing regional efforts to achieve nuclear-weapon-free zones in different areas of the world.

10. The Conference recognizes that for the maximum effectiveness of any treaty arrangements for establishing a nuclear-weapon-free zone the co-operation of the nuclear-weapon States is necessary. In this connection, the nuclear-weapon States are invited to assist the efforts of States to create nuclear-weapon-free zones, and to enter into binding undertakings to respect strictly the status of such a zone and to refrain from the use or threat of use of nuclear weapons against the States of the zone.

ARMS CONTROL

11. The Conference welcomes the consensus reached by the United Nations General Assembly at its thirty-fifth session that the establishment of a nuclear-weapon-free zone in the region of the Middle East would greatly enhance international peace and security, and urges all Parties directly concerned to consider seriously taking the practical and urgent steps required for the implementation of the proposal to establish a nuclear-weapon-free zone in the region of the Middle East.

12. The Conference also invites the nuclear-weapon States and all other States to render their assistance in the establishment of the zone and at the same time to refrain from any action that runs counter to the letter and spirit of United Nations General Assembly Resolution 39/54.

13. The Conference considers that acceding to the Non-Proliferation Treaty and acceptance of IAEA safeguards by all States in the region of the Middle East will greatly facilitate the creation of a nuclear-weapon-free zone in the region and will enhance the credibility of the Treaty.

14. The Conference considers that the development of a nuclear weapon capability by South Africa at any time frustrated the implementation of the Declaration on the Denuclearization of Africa and that collaboration with South Africa in this area would undermine the credibility and the stability of the Non-Proliferation Treaty regime. South Africa is called upon to submit all its nuclear installations and facilities to IAEA safeguards and to accede to the Non-Proliferation Treaty. All States Parties directly concerned are urged to consider seriously taking the practical and urgent steps required for the implementation of the proposal to establish a nuclear-weapon-free zone in Africa. The nuclear-weapon States are invited to assist the efforts of States to create a nuclear-weapon-free zone in Africa, and to enter into binding undertakings to respect strictly the status of such a zone and to refrain from the use or threat of use of nuclear weapons against the States of the zone.

15. The Conference considers that the most effective guarantee against the possible use of nuclear weapons and the danger of nuclear war is nuclear disarmament and the complete elimination of nuclear weapons. Pending the achievement of this goal on a universal basis and recognizing the need for all States to ensure their independence, territorial integrity and sovereignty, the Conference reaffirms the particular importance of assuring and strengthening the security of non-nuclear-weapon States Parties which have renounced the acquisition of nuclear weapons. The Conference recognizes that different approaches may be required to strengthen the security of non-nuclear-weapon States Parties to the Treaty.

16. The Conference underlines again the importance of adherence to the Treaty by non-nuclear-weapon States as the best means of reassuring one another of their renunciation of nuclear weapons and as one of the effective means of strengthening their mutual security.

17. The Conference takes note of the continued determination of the Depositary States to honour their statements, which were welcomed by the United Nations Security Council in Resolution 255 (1968), that, to ensure the security of the non-nuclear-weapon States Parties to the Treaty, they will provide or support immediate assistance, in accordance with the Charter, to any non-nuclear-weapon State Party to the Treaty which is a victim of an act or an object of a threat of aggression in which nuclear weapons are used.

18. The Conference reiterates its conviction that, in the interest of promoting the objectives of the Treaty, including the strengthening of the security of non-nuclear-weapon States Parties, all States, both nuclear-weapon and non-nuclear-weapon States, should refrain, in accordance with the Charter of the United Nations, from the threat or the use of force in relations between States, involving either nuclear or non-nuclear weapons.

19. The Conference recalls that the Tenth Special Session of the General Assembly, in paragraph 59 of the Final Document, took note of the declarations made by the nuclear-weapon States regarding the assurance of non-nuclear-weapon States against the use or threat of use of nuclear weapons and urged them to pursue efforts to conclude, as appropriate, effective arrangements to assure non-nuclear-weapon States against the use or threat of use of nuclear weapons.

20. Being aware of the consultations and negotiations on effective international arrangements to assure non-nuclear-weapon States against the use or threat of use of nuclear weapons, which have been under way in the Conference on Disarmament for several years, the Conference regrets that the search for a common approach, which could be included in an international legally binding instrument, has been unsuccessful. The Conference takes note of the repeatedly expressed intention of the Conference on Disarmament to continue to explore ways and means to overcome the difficulties encountered in its work and to carry out negotiations on the question of effective international arrangements to assure non-nuclear-weapon States against the use or threat of use of nuclear weapons. In this connection, the Conference calls upon all States, particularly the nuclear-weapon States, to continue the negotiations in the Conference on Disarmament devoted to the search for a common approach acceptable to all, which could be included in an international instrument of a legally binding character.

Article VIII

The States Party to the Treaty participating in the Conference propose to the Depositary Governments that a Fourth Conference to review the operation of the Treaty be convened in 1990.

The Conference accordingly invites States Party to the Treaty which are members of the United Nations to request the Secretary-General of the United Nations to include the following item in the provisional agenda of the forty-third session of the General Assembly:

"Implementation of the conclusions of the Third Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons and establishment of a Preparatory Committee for the Fourth Conference."

Article IX

The Conference, having expressed great satisfaction that the overwhelming majority of States have acceded to the Treaty on the Non-Proliferation of Nuclear Weapons and having recognized the urgent need for further ensuring the universality of the Treaty, appeals to all States, particularly the nuclear-weapon States and other States advanced in nuclear technology, which have not yet done so, to adhere to the Treaty at the earliest possible date. ■

U.S. Releases Affidavits for Aquino Assassination Trial

DEPARTMENT STATEMENT,
SEPT. 16, 1985¹

It has been the consistent position of the United States since the 1983 murder of Benigno Aquino that the investigation of that crime be thorough and impartial and that those responsible, no matter who they may be, be brought to justice and punished to the fullest extent of the law. The United States, therefore, believes it important that the outcome of the current Aquino assassination trial in Manila be seen by the Filipino people as based on a thorough, complete consideration of all pertinent information.

In mid-July, newspaper accounts reported that on August 21, 1983, the day of Senator Aquino's assassination in Manila, unusual levels of activity by the Philippine Air Force were witnessed at two airbases in the Philippines (Wallace Air Station and Villamor Air Force Base) by U.S. Air Force personnel. So far as we have been able to ascertain, no one in the Department of State or the U.S. Embassy in Manila or the Defense Department other than U.S. Air Force personnel in the Philippines were aware of the reported activities until the July newspaper accounts.

On August 7, the Philippine Ministry of Foreign Affairs requested, through the U.S. Embassy in Manila, that the United States provide to the Philippine Government any information in its possession relating to events on August 21, 1983, as reported in the July newspaper accounts. In a discussion between the U.S. Ambassador in Manila and Acting Foreign Minister Castro on August 8, it was agreed that the United States would prepare sworn affidavits from the U.S. Air Force personnel on duty on August 21, 1983, at the two airbases in question. It was further agreed that these affidavits would be transmitted to the prosecutors, through the Ministry of Foreign Affairs, in a sealed envelope.

In mid-August, the U.S. Air Force prepared affidavits from six USAF personnel who were on duty at Wallace Air Station or Villamor Air Force Base on August 21, 1983. The affidavits were sworn before a notary public. The affidavits were then "authenticated" by the Department of State and the U.S. Embassy in Manila before being presented on August 30, as had been previously agreed, in a sealed envelope to the Ministry of Foreign Affairs for transmittal to the prosecutors.

On September 13, the Chief Prosecutor (*Tanodbayan*), Bernardo Fernandez, announced that the prosecutors do not intend to use the USAF affidavits and consider this matter closed. We indicated to the Philippine authorities from the outset that we expected the affidavits to become public at an appropriate moment. We also indicated that we were prepared to consider any further Philippine requests for assistance in this matter. Since the *Tanodbayan* has stated that it will not examine this matter further, it appears to us appropriate to release the affidavits now.

Mr. Fernandez also suggested in his statement of September 13 that the affidavits had not been properly authenticated and this alleged infirmity was somehow related to the Prosecutors' decision not to use them. We do not understand the basis for this assertion. Authentication is a technical legal procedure by which the authenticity of documents is protected. There is no question of the authenticity of the affidavits. Nor is there any basis for challenging the procedures by which they were authenticated. Authentication is simply a series of attestations of the authenticity of the documents as they pass from hand-to-hand. There are several ways of doing this. In this case, the State Department verified under seal that the affidavits had been properly notarized; the U.S. Ambassador in Manila verified that the Department seal had been properly affixed. This was in accord with normal judicial procedures.

An alternative procedure would have been to involve the Philippine Consulate in Washington in the chain of authentications. We considered and rejected this alternative when the Consulate refused to make the authentications without copying the documents—a condition we considered inconsistent with the arrangements of August 8 with the Acting Foreign Minister to have the documents transmitted in a sealed envelope to the prosecutors. When it became clear that the United States would not agree to permit the Consulate to copy the affidavits, the Philippine Embassy in Washington specifically suggested precisely the procedure that we, in fact, followed. Under these circumstances, we cannot explain the *Tanodbayan's* criticism of the authentication process that was followed. The statements of *Tanodbayan* Fernandez on September 13 that the affidavits were somehow defective is, in our view, wholly without foundation.

The affidavits in question represent the best recollections of six different individuals as to events that occurred 2 years earlier. As one would expect, there are minor discrepancies in their recollections.

The one unambiguous conclusion to which the affidavits point is that there was, in fact, a highly unusual degree of activity by the Philippine Air Force on August 21, 1983 (a Sunday), and that two Philippine Air Force fighters were scrambled on that day. The affidavits include all we know about those events.

We cannot, of course, substitute our judgment for that of the Philippine judicial processes concerning the weight or probity of the information in the affidavits. We had hoped, however, that a rigorous examination of that information would have occurred within the judicial processes themselves.

¹Made available to news correspondents by Department deputy spokesman Charles Redman. ■

Finance Ministers, Central Bank Governors Discuss Economic Policies

**FINAL ANNOUNCEMENT,
SEPT. 22, 1985¹**

1. Ministers of Finance and Central Bank Governors of France, the Federal Republic of Germany, Japan, the United Kingdom, and the United States met today, September 22, 1985, [in New York City] in the context of their agreement to conduct mutual surveillance and as part of their preparations for wider international discussions at the forthcoming meetings in Seoul, Korea. They reviewed economic developments and policies in each of their countries and assessed their implications for economic prospects, external balances, and exchange rates.

2. At the Bonn economic summit in May 1985 the heads of state or government of seven major industrial countries and the President of the Commission of the European Communities issued an Economic Declaration Toward Sustained Growth and Higher Employment. In that declaration the participants agreed that:

The best contribution we can make to a lasting new prosperity in which all nations can share is unremittingly to pursue, individually in our own countries and cooperatively together, policies conducive to sustained growth and higher employment.

3. The Ministers and Governors were of the view that significant progress has been made in their efforts to promote a convergence of favorable economic performance among their countries on a path of steady noninflationary growth. Furthermore, they concluded that their countries are restoring the vitality and responsiveness of their economies. As a result of these developments, they are confident that a firm basis has been established for a sustained, more balanced expansion among their countries. This sustained growth will benefit other industrial countries and will help ensure expanding export markets for developing countries, thereby contributing importantly to the resolution of problems of heavily indebted developing countries.

4. They believe that this convergence of favorable economic performance has been influenced increasingly by policy initiatives undertaken by their countries. Moreover, each of their countries is committed to the implementation

of further policy measures which will reinforce favorable convergence and strengthen the sustainability of the current expansion.

5. Ministers and Governors were of the view that recent shifts in fundamental economic conditions among their countries, together with policy commitments for the future, have not been reflected fully in exchange markets.

Recent Economic Developments and Policy Changes

6. Ministers and Governors expect that real growth in aggregate for their countries will be about 3% this year, compared to negative growth of -0.7% in 1982. Although this figure is down slightly from 1984, growth will be more balanced than at any time in the last 4 years. After the particularly rapid U.S. growth of 1983-84, there is now increased evidence of internal growth in the other countries. In particular, private investment has picked up strength. The current expansion is occurring in a context of fiscal consolidation; it is not dependent on short-lived fiscal stimulus. As a result of the changes in the components of growth, real growth in their countries can be expected to remain strong as U.S. growth moderates.

7. The current sustained expansion is occurring within a framework of declining inflation, a phenomenon that is unprecedented in the past three decades. Inflation rates are at their lowest in nearly 20 years, and they show no signs of reviving.

8. There has been a significant fall in interest rates in recent years. Apart from welcome domestic effects, this has been particularly helpful in easing the burden of debt repayments for developing countries.

9. This successful performance is the direct result of the importance given to macroeconomic policies which have reduced inflation and inflationary expectations, to continue vigilance over government spending, to greater emphasis on market forces and competition, and to prudent monetary policies.

10. These positive economic developments notwithstanding, there are large imbalances in external positions which

pose potential problems, and which reflect a wide range of factors. Among these are:

- the deterioration in its external position which the United States experienced from its period of very rapid relative growth;
- the particularly large impact on the U.S. current account of the economic difficulties and the adjustment efforts of some major developing countries;
- the difficulty of trade access in some markets; and
- the appreciation of the U.S. dollar.

The interaction of these factors—relative growth rates, the debt problems of developing countries, and exchange rate developments—has contributed to large, potentially destabilizing external imbalances among major industrial countries. In particular, the United States has a large and growing current account deficit, and Japan—and to a lesser extent Germany—large and growing current account surpluses.

11. The U.S. current account deficit, together with other factors, is now contributing to protectionist pressures which, if not resisted, could lead to mutually destructive retaliation with serious damage to the world economy: world trade would shrink, real growth rates could even turn negative, unemployment would rise still higher, and debt-burdened developing countries would be unable to secure the export earnings they vitally need.

Policy Intentions

12. The Finance Ministers and Governors affirmed that each of their countries remains firmly committed to its international responsibilities and obligations as leading industrial nations. They also share special responsibilities to ensure the mutual consistency of their individual policies. The Ministers agreed that establishing more widely strong, noninflationary domestic growth and open markets will be a key factor in ensuring that the current expansion continues in a more balanced fashion, and they committed themselves to policies toward that end. In countries where the budget deficit is too high, further measures to reduce the deficit substantially are urgently required.

13. Ministers and Governors agreed that it was essential that protectionist pressures be resisted.

14. Ministers recognized the importance of providing access to their markets for LDC [less developed countries] exports as those countries continue their essential adjustment efforts, and saw this as an important additional reason to avoid protectionist policies. They welcomed the GATT [General Agreement on Tariffs and Trade] preparatory meeting scheduled for late September and expressed their hope that it will reach a broad consensus on subject matter and modalities for a new GATT round.

15. In this context, they recalled and reaffirmed the statement in the Bonn economic declaration on the debt situation.

Sustained growth in world trade, lower interest rates, open markets and continued financing in amounts and on terms appropriate to each individual case are essential to enable developing countries to achieve sound growth and overcome their economic and financial difficulties.

16. The Ministers agreed that they would monitor progress in achieving a sustained noninflationary expansion and intensify their individual and cooperative efforts to accomplish this objective. To that end, they affirmed the statements of policy intentions by each of their countries, which are attached.

Conclusion

17. The Ministers of Finance and Central Bank Governors agreed that recent economic developments and policy changes, when combined with the specific policy intentions described in the attached statements, provide a sound basis for continued and a more balanced expansion with low inflation. They agreed on the importance of these improvements for redressing the large and growing external imbalances that have developed. In that connection, they noted that further market-opening measures will be important to resisting protectionism.

18. The Ministers and Governors agreed that exchange rates should play a role in adjusting external imbalances. In order to do this, exchange rates should better reflect fundamental economic conditions than has been the case. They believe that agreed policy actions must be implemented and reinforced to improve the fundamentals further, and

that in view of the present and prospective changes in fundamentals, some further orderly appreciation of the main nondollar currencies against the dollar is desirable. They stand ready to cooperate more closely to encourage this when to do so would be helpful.

COUNTRY STATEMENTS

The **United States Government** is firmly committed to policies designed to ensure steady noninflationary growth; maximize the role of markets and private sector participation in the economy; reduce the size and role of the government sector; and maintain open markets.

In order to achieve these objectives, the United States Government will:

1. Continue efforts to reduce government expenditures as a share of GNP [gross national product] in order to reduce the fiscal deficit and to free up resources for the private sector.

2. Implement fully the deficit reduction package for fiscal year (FY) 1986. This package passed by Congress and approved by the President will not only reduce by over 1% of GNP the budget deficit for FY 1986, but lay the basis for further significant reductions in the deficit in subsequent years.

3. Implement revenue-neutral tax reform which will encourage savings, create new work incentives, and increase the efficiency of the economy, thereby fostering noninflationary growth.

4. Conduct monetary policy to provide a financial environment conducive to sustainable growth and continued progress toward price stability.

5. Resist protectionist measures.

The **United Kingdom Government**, noting that the British economy has been experiencing steady growth of output and domestic demand over the past 4 years, will continue to pursue policies designed to reduce inflation; to promote sustained growth of output and employment; to reduce the size of the public sector; to encourage a more competitive, innovative, market-oriented private sector; to reduce regulation and increase incentives throughout the economy; and to maintain open trading and capital markets free of foreign exchange controls.

In particular, the United Kingdom Government intends:

1. To operate monetary policy to achieve further progress toward price

stability and to provide a financial environment for growing output and employment, and to buttress monetary policy with a prudent fiscal policy.

2. To continue to reduce public expenditure as a share of GDP [gross domestic product] and to transfer further substantial parts of public sector industry to private ownership.

3. To reduce the burden of taxation in order to improve incentives and to increase the efficient use of resources in the economy.

4. To take additional measures to improve the effective working of the labor market, including the reform of wages councils and improvements in youth training, and implement proposals to liberalize and strengthen competition within financial markets.

5. To resist protectionism.

The **Government of Japan**, noting that the Japanese economy is in an autonomous expansion phase mainly supported by domestic private demand increase, will continue to institute policies intended to ensure sustainable noninflationary growth; provide full access to domestic markets for foreign goods; and internationalize the yen and liberalize domestic capital markets.

In particular, the Government of Japan will implement policies with the following explicit intentions.

1. Resistance of protectionism and steady implementation of the action program announced on July 30 for the further opening up of Japan's domestic market to foreign goods and services.

2. Full utilization of private sector vitality through the implementation of vigorous deregulation measures.

3. Flexible management of monetary policy with due attention to the yen rate.

4. Intensified implementation of financial market liberalization and internationalization of the yen, so that the yen fully reflects the underlying strength of the Japanese economy.

5. Fiscal policy will continue to focus on the twin goals of reducing the central government deficit and providing a pro-growth environment for the private sector. Within that framework, local governments may be favorably allowed to make additional investments in this FY 1985, taking into account the individual circumstances of the region.

6. Efforts to stimulate domestic demand will focus on increasing private consumption and investment through measures to enlarge consumer and mortgage credit markets.

ECONOMICS

The **Government of the Federal Republic of Germany**, noting that the German economy is already embarked on a course of steady economic recovery based increasingly on internally generated growth, will continue to implement policies to sustain and extend the progress achieved in strengthening the underlying conditions for continuing vigorous, job-creating growth in the context of stable prices and low interest rates.

In particular, the Government of the Federal Republic of Germany will implement policies with the following explicit intentions.

1. The priority objective of fiscal policy is to encourage private initiative and productive investments and maintain price stability.

2. Toward this end, the Federal Government will continue to reduce progressively the share of the public sector in the economy through maintaining firm expenditure control. The tax cuts due to take effect in 1986 and 1988 form part of the ongoing process of tax reform and reduction which the Federal Government will continue in a medium-term framework.

3. The Federal Government will continue to remove rigidities inhibiting the efficient functioning of markets. It will keep under review policies, regulations, and practices affecting labor markets in order to enhance the positive impact of economic growth on employment. The Federal Government and the Deutsche Bundesbank will provide the framework for the continuing evolution of deep, efficient money and capital markets.

4. The fiscal policy of the Federal Government and the monetary policy of the Deutsche Bundesbank will continue

to ensure a stable environment conducive to the expansion of domestic demand on a durable basis.

5. The Federal Government will continue to resist protectionism.

The **French Government** intends to pursue its policy aimed at reducing inflation, moderating income growth, and achieving continued improvements in external accounts. It will further intensify its efforts to speed up structural adjustment and modernization and thus lay the basis for job-creating growth.

Therefore, it is determined:

1. To pursue vigorously disinflation.

2. To secure the attainment of monetary aggregates growth targets, consistent with decelerating inflation.

3. To curb public expenditures progressively so as to lower the tax burden while reducing the government borrowing requirement.

4. To foster the investment recovery allowed for by the improved financial situation in the business sector.

5. To take further steps toward liberalization and modernization of financial markets, to increase competition in the financial sector so as to reduce financial intermediation costs and give a greater role to interest rates in monetary control.

6. To foster job creation through the implementation of an innovative and active policy in the field of education and training and by promoting constructive discussions between social partners on work organization.

7. To resist protectionism.

¹U.S. participants included Secretary of the Treasury James A. Baker, III, and Paul A. Volcker, chairman of the Board of Governors for the Federal Reserve System. ■

Nonrubber Footwear Industry

PRESIDENT'S STATEMENT, AUG. 28, 1985¹

Today we increasingly find ourselves confronted with demands for protectionist measures against foreign competition, but protectionism is both ineffective and extremely expensive. In fact, protectionism often does more harm than good to those it is designed to help. It is a crippling cure, far more dangerous than any economic illness.

Thus, I am notifying the Congress today of my decision not to impose quotas on nonrubber footwear imports. As President, it is my responsibility to take into account not only the effect of quotas on the shoe industry but also their broader impact on the overall economy. After an extensive review, I have determined that placing quotas on shoe imports would be detrimental to the national economic interest.

While we support the principle of free trade, we must continue to insist of our trading partners that free trade also be fair trade. In that regard, I have instructed our Trade Representative to take action to initiate investigations under section 301 of the Trade Act of 1974, as amended, to root out any unfair trade practices that may be harming U.S. interests.

With respect to the footwear industry, the Council of Economic Advisers estimates that quotas on nonrubber shoe imports would cost the American consumer almost \$3 billion. Low-income consumers would be particularly hard hit as shoe prices rose and less expensive imports were kept off the market. Instead of spending billions of consumers' dollars to create temporary jobs, I am directing the Secretary of Labor, through the Job Training and Partnership Act, to develop a plan to retrain unemployed workers in the shoe industry for real and lasting employment in other areas of the economy.

There is also no reason to believe that quotas would help the industry become more competitive. Between 1977 and 1981, U.S. footwear manufacturers

Energy Trade: Problems and Prospects

by E. Allan Wendt

Address before the Oxford Energy Seminar in Oxford, England, on September 5, 1985. Mr. Wendt is Deputy Assistant Secretary for Economic and Business Affairs.

received protection from foreign imports, but emerged from that period even more vulnerable to international competition than before. In fact, while unprotected by quotas, the shoe industry has begun to show positive signs of adjustment. Producers have invested in state-of-the-art manufacturing equipment, modernizing their operations, and diversifying into profitable retail operations.

While bringing no lasting benefit to the shoe industry, quotas or other protectionist measures would do serious injury to the overall economy. The quotas proposed by the International Trade Commission could cost over \$2 billion in compensatory claims under GATT [General Agreement on Tariffs and Trade] and could invite retaliation from our trading partners. The result would be an immediate and significant loss of American jobs and a dangerous step down the road to a trade war, a war we fought in 1930 with the infamous Smoot-Hawley tariffs and lost.

Our economy is truly interwoven with those of our trading partners. If we cut the threads that hold us together, we injure ourselves as well. If our trading partners cannot sell shoes in the United States, many will not then be able to buy U.S. exports. That would mean more American jobs lost.

Thus, we find that the true price of protectionism is very high indeed. In order to save a few temporary jobs, we will be throwing many other Americans out of work, costing consumers billions of dollars, further weakening the shoe industry, and seriously damaging relations with our trading partners.

The United States can set an example to other countries. We must live according to our principles and continue to promote our prosperity and the prosperity of our trading partners by ensuring that the world trading system remains open, free, and, above all, fair.

¹Read to news correspondents assembled in the White House briefing room by U.S. Trade Representative Clayton Yeutter. President Reagan's memorandum to Ambassador Yeutter and message to the Congress of Aug. 28, 1985, are omitted here (text from Weekly Compilation of Presidential Documents of Sept. 2). ■

I want to talk today about a business in which we all have a stake, a more than \$300-billion enterprise that has tripled in constant dollars since 1973. I am not referring to the energy sector as a whole, which is many times larger. I am referring to a small but key part of the energy business: energy trade. Trade in oil, natural gas, coal, electricity, and uranium amounts to over 20% of total world trade. Every country in the world today imports or exports energy in one form or another, and the continued healthy growth of the world economy depends on our ability to maintain and expand energy trade.

Trade issues today are controversial. Increasingly, we are seeing efforts to protect national industries by one means or another. Such efforts are not new. I would like to recall Adam Smith's view, expressed more than 200 years ago. He said:

Each nation has been made to look with an invidious eye upon the prosperity of all the nations with which it trades, and to consider their gain as its own loss. Commerce, which ought naturally to be, among nations, as among individuals, a bond of union and friendship, has become the most fertile source of discord and animosity.

My aim is to demonstrate how we can contribute to establishing that bond of union and friendship and avoid the discord and animosity that have all too often characterized energy trade.

I would like to begin by examining in some detail the growth and changing patterns of energy trade since 1973. I will then turn to future prospects and, in particular, how energy trade can grow and prosper if it is freed from the constraints currently imposed on it.

Growth and Changing Patterns in Energy Trade

The spectacular growth of energy trade is dominated, at first sight, by oil: oil trade increased from about \$100 billion in 1973 to about \$275 billion a decade later (in constant 1983 dollars). As a

percentage of total world trade, crude oil and product trade has grown markedly—from about 10% to almost 20%. But this growth in dollar terms hides a reduction in volume terms. As a consequence of the oil price increases of 1973-74 and 1979-80, crude oil trade volume is down—from 30 million barrels per day (MMBD) in 1973 to 21 MMBD in 1983.

The pattern of oil trade has also shifted sharply in response to the price increases. OPEC [Organization of Petroleum Exporting Countries] oil exports, which in 1973 represented 92% of total world crude oil exports, by 1983 had declined to less than 70%, and the total volume was approximately halved. With the sharp rise in North Sea production, OECD [Organization for Economic Cooperation and Development] oil exports have more than doubled in volume, increasing from 3.7% (1.1 MMBD) of the total in 1973 to 12.5% (2.6 MMBD) in 1983. Non-OPEC, non-OECD oil exports (excluding Eastern Europe and the Soviet Union) have increased even more sharply, from 4% (1.2 MMBD) of global oil exports in 1973 to 18.7% (3.9 MMBD) in 1983.

Thus, the sources of oil exports have shifted dramatically from OPEC to non-OPEC oil producers. To put it more sharply, oil exports have shifted away from those who seek to control prices and production toward those willing to produce in response to market forces. OPEC's effort to maintain prices above long-term production costs has caused it to lose market share.

As spectacular as is the more than threefold growth in the value of the oil trade, the growth of the natural gas trade is even more striking. Natural gas trade in 1973 was worth about \$3.5 billion (in 1983 dollars). By 1983, it had grown to around \$30 billion. Volumes increased 75% between 1973 and 1983. The market share of natural gas as a fraction of energy trade has increased from about 3% in 1973 to about 10% in 1983. The producers who benefited most from the growth in natural gas trade were those in a position to supply the growing West European and Japanese markets: Norway, the Soviet Union, Algeria, and Indonesia.

Growth in two other energy sectors—coal and electricity—has been more moderate, and they comprise less than

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10% of total energy trade. While coal trade increased considerably in constant dollars from 1973 to 1983, it has stagnated in recent years and has declined as a percentage of total energy trade. Electricity trade, which roughly doubled in constant dollar terms from 1973 to 1983, still represents only about 1% of total energy trade.

What are the constraints today on energy trade? Where is it being artificially restricted by government policies, and how might it develop if the constraints were removed?

OPEC Limitations on Oil Production

Certainly, the most significant of the constraints on energy trade today is the OPEC limitation on oil production. OPEC today is producing around 14 MMBD. As much as 10 MMBD of oil production capacity lies idle. No one can predict the price to which oil would fall if 10 MMBD were to be put on today's market, and I am not going to try. OPEC members will have to decide for themselves whether they would have been better off today with lower prices but closer to full production capacity. Clearly, the continued erosion of oil's market share poses a real threat to the medium-term interests of major producers. If oil prices had not jumped sharply in 1979-80 but had, instead, increased gradually at a rate of, let us say, 5% annually in real terms, a barrel today would still cost close to \$25, and OPEC production would be, I think, much closer to full capacity than its present 14-15 MMBD.

I am not going to assume success, however, in converting OPEC to free market principles. To the contrary, I think there is every reason to believe that OPEC, though currently strained, will manage to muddle through, even if oil prices drift marginally lower. If the oil market tightens in the early to mid-1990s, which I think it prudent to expect, OPEC may have another opportunity to choose between a policy of administered price increases and a more patient and ultimately more stabilizing policy of allowing the market to determine prices.

Removing Trade Barriers

In the meantime, it is in the interest of oil-consuming countries to concentrate on removing barriers to energy trade among themselves and on achieving, thereby, a diversified and balanced energy mix. The principal forum for pursuit of this objective is the International

Energy Agency (IEA), which maintains a constant effort to monitor barriers to energy trade and to seek their removal. Whether IEA members will be as vulnerable to oil supply disruptions in the 1990s as they were in the 1970s depends in large measure on what they do in the next 10 years. If the IEA countries establish flexible, resilient, and transparent energy markets, based on an open trading system, they will greatly reduce the potential for economic harm arising from supply disruptions and associated sharp price increases.

In discussing the removal of barriers to energy trade, I would like to take an American point of view and concentrate, first, on what is happening to make our own energy markets more flexible and resilient and, second, on what we regard as the principal barriers to increased energy trade with other OECD countries. Three bilateral relationships are of particular importance to us: those with Canada, Japan, and Western Europe. I would like to discuss each of these and then turn to a specific issue that faces us all: the issue of refined product imports.

Domestic Deregulation. Let me begin at home. The domestic energy market in the United States is a very large one. We use about 38 MMBD of oil equivalent—16 MMBD of oil, more than 9 MMBD oil equivalent of natural gas, almost 9 MMBD oil equivalent of coal, and about 5 MMBD oil equivalent of nuclear and renewable energy sources. The U.S. Administration would like to see these markets freed of artificial restrictions. President Reagan removed all controls on oil prices in 1981. As a result of gradual decontrol over the last several years, more than one-half of the natural gas in the United States is now sold at market prices. We would like to remove the remaining natural gas price controls as soon as possible, but even if the required legislative action is not taken, natural gas prices will eventually be decontrolled in any case, as older gas reserves are depleted. From an economic point of view, coal and uranium are virtually unregulated in the United States, and electric utilities are being freed of many of the economic restrictions imposed on them in the past by the Federal Government.

This movement toward deregulation has encouraged much more market-oriented behavior throughout the energy sector. Oil, natural gas, and coal are increasingly priced on a "spot" or, at

least, market-sensitive basis. The market for oil futures has grown rapidly, and a natural gas futures market is about to open. The futures market allows participants to hedge their risks and, at the same time, contributes to market transparency by serving as an additional indicator of market conditions. Competition has heightened, and we are now confident that our energy system, on the whole, can respond freely to changes in supply and demand. Even in a supply disruption, we would avoid price controls and allocation and depend on market mechanisms to restrain demand and distribute oil.

We would not, however, depend exclusively on market responses in an energy crisis. Assuring energy security, in our view, can justify government measures. The United States maintains a Strategic Petroleum Reserve (SPR) of almost 500 million barrels. We would use it early in a supply disruption to cushion our economy from the effects of a sharp increase in prices. Although use of the SPR would unquestionably represent a government rather than market response, release of SPR oil would be by market mechanisms: the oil would be sold at auction to the highest bidder.

Trade With Canada. With the freeing of market forces inside the United States has come a change in our energy trade, especially with Canada. Canadian-U.S. energy trade, which today amounts to about \$10 billion annually, provides a striking example of how market forces can bring mutual benefits. Canada today is by far our largest energy trading partner. It is our second largest foreign supplier of oil and oil products (900,000 b/d [barrels per day]) and our number one foreign supplier of natural gas (26.9 billion cubic meters per year) and electricity (39 billion kilowatt-hours per year). We, in turn, are Canada's largest supplier of coal (20 million tons per year), and we export small amounts of crude and oil products to Canada.

U.S.-Canadian trade is now prospering, but this was not the case at the beginning of the 1980s. Government intervention on both sides of the border was then stifling our bilateral trade in natural gas and petroleum. Canadian gas exports to the United States were based on a Canadian Government-administered, uniform border price, which ceased to be competitive as a gas delivery surplus developed in the United States. As a result, Canadian gas sales had plummeted from 90% of licensed volumes in 1977 to only 43% of

licensed levels in 1983. Following extensive bilateral discussions between the two governments over a 2-year period, the Canadian Government in the summer of 1984 implemented a new gas export pricing policy that allows U.S. buyers and their Canadian suppliers to negotiate directly the price at the border. The new market-oriented policy has led to a 25% drop in border prices (to an average of \$3.26 per million Btu [British thermal units]), bringing great savings to American consumers. At the same time, Canadian gas exports to the United States this year are expected to increase by at least 30%, which means that the value of Canadian gas exports will increase, despite the price drop.

Similarly, we are taking steps to remove barriers to U.S.-Canadian energy trade in general. At the Quebec summit last March 17-18, President Reagan and Canadian Prime Minister Mulroney agreed to give market forces a major boost:

... by reducing restrictions, particularly those on petroleum imports and exports, and by maintaining open access to each other's energy markets, including oil, natural gas, electricity and coal.

Prime Minister Mulroney fulfilled his commitment with respect to oil when he decontrolled exports to the United States on June 1. President Reagan reciprocated 2 weeks later by removing restrictions on the export of crude oil from the lower 48 states to Canada. Electricity trade, which is subject on both sides to extensive regulation, is expanding within limits imposed by the high costs of long-distance transmission. In the United States we hope to see Canada's uranium industry freed of current requirements to upgrade the ore to uranium hexafluoride before export. We also hope to see fulfilled the Canadian Government's pledge to remove restrictions on energy investment, including the so-called retroactive back-in, so that U.S. investment is encouraged, with beneficial consequences for trade between the two countries.

Trade With Japan. Our bilateral energy trading relationship with Japan, unfortunately, is not so thriving as our relationship with Canada. There are problems on both sides. On the U.S. side, a major issue is the restriction, which amounts almost to a prohibition, on oil exports. There are six different laws in the United States that, in one way or another, restrict oil exports.

Because of Canada's proximity to the United States and the historical relationship between the two countries (including the longstanding export of oil from Canada to the United States), we have been able to allow exports of crude oil from the lower 48 states to Canada.

Although the United States is a large net importer of oil, the Reagan Administration would, in principle, like to remove the ban on export of Alaskan oil because there are substantial economic advantages—in particular, lower transportation costs—in doing so. Under free market conditions, some Alaskan oil would be likely to go to Japan, Korea, and other Pacific rim destinations. We have not yet reached the point of allowing such exports, largely because of domestic interests that fear such a step would weaken U.S. energy security and harm our maritime fleet. The Administration would like to allow, under existing legislation, export of small quantities of oil from the Cook Inlet area of Alaska. Although the limited amount of oil involved (less than 30,000 b/d) poses no significant risk to U.S. energy security or maritime interests, the proposal is controversial and has aroused some congressional opposition. It is still being discussed within the Administration.

On the Japanese side, we see the major problem arising from price controls in the energy sector. Japan allows refiners to charge higher than market prices for gasoline in order to subsidize fuel oil and kerosene. This price control system would appear to make it more difficult for natural gas and coal, which are the principal competitors to fuel oil in the electrical sector, to penetrate the Japanese market. We wonder whether the Japanese claim that it is uneconomical to convert more powerplants to coal and whether Japanese projections of limited growth in natural gas demand are due in part to artificially low fuel oil prices. Without price controls, the prospects for coal and natural gas demand in Japan might look brighter, and our bilateral energy trade, which already amounts to more than \$1.5 billion per year, might expand significantly by the 1990s.

Trade With Western Europe. With Western Europe, our trade in oil and oil products faces minimal barriers on both sides and has grown substantially. Our exports of oil products to Western Europe have reached 205,000 b/d, and we import 620,000 b/d of crude and oil products from Western Europe. In sharp contrast, our coal trade with

Western Europe has stagnated in recent years. There are several reasons: the strong dollar has made U.S. coal expensive relative to that of our Australian, South African, and Polish competitors; and the economic slowdown in Europe—combined with the growing availability of French nuclear power—has reduced demand for coal-generated electricity. European restrictions are also limiting the potential market. The United Kingdom and Germany subsidize locally produced coal so that it reaches the end user at prices equivalent to U.S. coal, despite significantly higher production costs in Europe. Although some steps have been taken in recent years to reduce these subsidies, the market for imports is still significantly smaller than it would be under free market conditions. We would like to see a real effort made in the next few years to put the West European coal market on a free market basis.

An Open Market Strategy for Refined Product Imports

So far, I have discussed our bilateral relationships with our major OECD energy trading partners. I would like now to discuss the matter of refined product imports. This issue concerns the OECD countries in general and will affect their relationship with oil-exporting countries for many years to come. It also challenges our capacity to act collectively to maintain open markets for the common good.

The problem of oil product imports arises because of the vast overcapacity in the refining industry that has developed since 1980 and the shift of some refining activity from consuming to producing countries. Much has been written and said about how the global refining industry reached the point where it has 8-10 MMBD of idle refining capacity and another 1 MMBD coming on-line in the next year or so. My own view is that it really does not matter how this situation came about. The question is, how do we respond? Do we seek to protect our respective refining industries by erecting barriers to trade, or do we move toward a more open system and allow market forces to find an economic solution?

I am pleased to say that the principal industrialized countries, through the instrument of the International Energy Agency, have taken the first step toward a market-based solution—one that will avoid the "invidious eye" that,

in Adam Smith's view, creates "discord and animosity." At a ministerial meeting on July 9 of this year, IEA member states agreed to a communique that calls for a "common approach whereby they would maintain or create conditions such that imported refined products could go to the markets of the different IEA countries and regions on the basis of supply and demand as determined by market forces without distortions."

How are we to interpret this statement? It does not call explicitly for free trade or open markets, but it does, in our view, define open market conditions. This definition is contained in the phrase "on the basis of supply and demand as determined by market forces without distortions." We have no objection if Japan and Western Europe maintain licensing and stockholding requirements—even though we do not—so long as those requirements are otherwise compatible with the GATT [General Agreement on Tariffs and Trade] and do not affect the volumes and prices of oil product imports that would otherwise prevail; nor will we object to the current tariff levels, especially if the revenues are used for energy security purposes.

We believe that implementation of the IEA "common approach" is the only reasonable basis for resolving the issue of refined product imports. If all IEA members—including Japan, Spain, and Greece—import oil products on the basis of supply and demand, the products coming from new refineries will be sufficiently dispersed to allow us all to make the necessary adjustments. Keeping those markets closed would only strengthen protectionist pressures elsewhere and lead to a wave of new restrictions that would leave all of us in the OECD worse off.

Such a protectionist wave would also damage the interests of oil-producing countries, especially those that have invested in downstream operations. In our view, the interests of both producers and consumers lie in the direction of open markets. We in the OECD are doing our part, and the IEA plans to monitor carefully the implementation of the ministerial agreement. At the same time, we expect oil producers to avoid subsidies to their refineries and to ensure that uneconomic operations are not artificially maintained. Some producing countries appear to be maintaining energy resource prices below market levels in order to benefit export-oriented refiners and petrochemical producers.

This practice has given rise in the United States to calls for legislation to take account of so-called natural resource subsidies in countervailing duty procedures. It would be preferable for producers to eliminate such subsidies, where they exist, before legal or legislative actions are taken in the United States and, perhaps, elsewhere.

The Developing World's Future Role in Energy Trade

Finally, I would like to turn to the world outside OPEC and the OECD. What is its future role in energy trade? Here I am thinking primarily of the non-OPEC developing countries. Despite the strong growth in oil production in non-OPEC developing countries during the past decade, there is still potential for increased oil and natural gas production and exports. Egypt, Mexico, Oman, Angola, Malaysia, and other nonmembers of OPEC have expanded their oil production. In today's market, the question is whether they can capture the slow growth in demand—perhaps 1% per year—that can be expected between now and the year 2000 and, perhaps, also compete for OPEC's declining market share. A similar problem faces gas producers: are they willing to compete aggressively? Algeria has yet to develop into the major gas supplier its potential would indicate. A more market-oriented approach to gas sales might enable Algeria and other gas suppliers to slow Soviet penetration of the West European market.

Of particular importance to future oil and gas production in developing countries is their attitude toward foreign investment, which can be viewed either as a threat or as an opportunity. I would suggest that the threat is minimal and the opportunity is great. Brazil, which has been expanding production very rapidly, has been doing so essentially without foreign equity participation. Despite Petrobras' [Brazilian State petroleum company] remarkable

and highly laudable effort, it would take a long time, at the current rate of activity, to explore all of Brazil thoroughly. Is it not wiser to speed up the process and to spread the risk? Brazil by 1990 will be almost energy independent if current plans are fulfilled. Could it not become an oil exporter, as well, by encouraging foreign investment in its hydrocarbon sector?

If developing countries do take a more market-oriented point of view and if they accept foreign investment, the developed countries will have to redouble their efforts against protectionism. The "invidious eye" will be all too ready to see national interests threatened and to ask for protective quotas or tariffs. A coal mine in Colombia—one with a potential capacity in the year 2000 of less than 5% of U.S. coal production—has already led to serious coal tariff proposals in the United States. So far, we have been successful in fending off these proposals. In the past year, we have also seen proposals for an oil tariff, for oil product quotas, for restrictions on natural gas imports, and for relief for our domestic uranium industry. It is the Administration's policy to resist proposals of this sort and to try to keep our energy markets open to fair competition.

Our job will be much easier if we can point to a broad consensus in favor of open markets, free trade, and equitable treatment for foreign investors. It is unrealistic to expect our markets to remain open if others are closed or if others subsidize their products or restrict foreign investment. We would like to see the kind of commitment we have undertaken with Canada—to reduce restrictions and maintain open access to energy markets and energy investment—spread to other countries, both developed and developing, and become a world standard for energy commerce. If we succeed, energy trade will become "a bond of union and friendship" that contributes to the prosperity and security of all our countries. ■

President Meets With Soviet Foreign Minister



White House photo by Bill FitzPatrick

Following is the news briefing by Secretary Shultz which he held at the conclusion of a meeting between President Reagan and Soviet Foreign Minister Eduard Shevardnadze at the White House on September 27, 1985.¹

The President held a lengthy meeting—2 hours or so—with Foreign Minister Shevardnadze today and then had him for lunch in the White House.

Q. Can you tell us if there was a new proposal or if Mr. Shevardnadze said he would soon offer a new proposal on arms reduction?

A. The sequence of the meeting was that, first, the President presented a comprehensive view of his thoughts about the upcoming meeting in Geneva, and then Mr. Shevardnadze gave the President a lengthy letter from General Secretary Gorbachev. The letter was in Russian, and it was rather lengthy, so, obviously, it wasn't read. But Mr. Shevardnadze talked about it and described it as giving Mr. Gorbachev's views about the upcoming Geneva meeting, including some material in the field of arms control, which is, obviously, an important part of all of this.

The counterproposal that they have to what we have on the table in Geneva will, we understand, be presented in 2 days of plenary session in Geneva next week, although the general outlines were described to us.

There were many other matters discussed and referred to in terms of our bilateral relations and in regional matters. So that was, in general, the nature of the meeting.

Q. What was our reaction, and can you tell us what generally was in their proposal?

A. I think the right thing to happen now is for their counterproposal to be placed on the table in Geneva and for it to be discussed there in the privacy of that negotiating forum. If we're going to really make progress in these negotiations, they ought to be conducted there and by the negotiators. I'm not going to characterize the general sense that was presented to us beyond simply saying that there were some materials presented.

Q. Does that satisfy what we were told yesterday, that the President was hoping that there would be a new proposal? In other words, does it constitute a full proposal, in your judgment, or just a bit here and a piece there?

A. The President welcomed what was put before him, as he did some of the other things that were said. The fullness of the proposal, of course, we'll have to judge when we see it in Geneva. Anything that is genuinely serious in this field is complicated, and

they have asked for 2 days of plenary session to do it, so we'll have to see what's there—our negotiators will.

Q. Sometimes in the past when the Soviets have made proposals, they have been discounted very quickly by this country as propaganda, as not serious. Would it be fair to say, then, that you regard this proposal as serious?

A. It is something that comes forward; it's different from what they have been saying, and we look for it to be put on the table in Geneva, and combined with what we have on the table, we hope that can lead to a process of genuine negotiation. So we welcome that.

Q. You take it seriously?

A. We welcome the fact that something has been brought forward, or will be in Geneva, to lay alongside what we have put there and which, with those two together, can be a basis of negotiation.

Q. Have you discussed the possibility of follow-up talks after your talks this afternoon, either with Mr. Shevardnadze in Moscow or in Geneva or here?

A. We haven't had any particular discussion of that. We have a schedule so far, but when I talked with Mr. Shevardnadze in New York, we had a fairly lengthy private conversation as well as the general one. I think both of us see a responsibility to help develop the preparatory work for this meeting in Geneva, and we're going to try to get organized to see that that's done properly. It doesn't necessarily have to be done by the two Foreign Ministers; but, at any rate, we're certainly addressing that.

Q. In the interest of just public understanding, since the Soviets have been leaking a lot of details all week and there's been a lot of reporting about 40% reduction and 60% in land-based, and for the first time really being specific about chargers—meaning warheads—were those reports misleading, or were those along the lines of Soviet thinking? Can you give us some help on that, since so much of it's been out in the public fora?

A. The President is very serious about arms control and very serious about wanting to see the upcoming meeting in Geneva be a constructive and positive one. We believe that the chances of getting somewhere in arms control are maximized, if we don't have a lot of public things to say about it,

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and let the negotiators handle it in Geneva. So I'm not going to—

Q. Except that the other side is being public. That's why I'm asking you if you can be.

A. We are being serious.

Q. Are they not being serious?

A. We'll see.

Q. Could you tell us if there is an agreement not to publicize this proposal until it's been discussed privately, or is it likely that the Soviets themselves will put it out as part of this public relations campaign leading up to the summit?

A. I am not going to try to speak for them. Our approach to this is the approach that, in our estimate, is most likely to lead to results, that approach is to have serious, well-informed people, as they do, in Geneva and to focus the attention of them on our proposal and their counterproposal and see if we can get somewhere with it and that's the way I'm going to leave it.

Q. Were you generally pleased with what you heard and saw from the Soviets today, or was this—what they put before us—in any way a surprise to you?

A. It's part of an ongoing and perhaps more stepped-up process now of discussions between us. The President had an opportunity to say to Mr. Gorbachev through his Foreign Minister how he views our relationship and the prospects for it and the prospects for that meeting. And so that's an important result as far as we're concerned. And he heard, so to speak, from Mr. Gorbachev through a very authoritative source.

That is what happened today, and I met with Mr. Shevardnadze in New York, as you know, and in Helsinki, and I'll meet with him again this afternoon. We have an ongoing process here designed to make the meeting in November as productive as possible. How productive it will be remains to be seen.

Q. He said that the President—there were statements by Mr. Shevardnadze that the President welcomed other than those on arms control. Can you describe any of them?

A. The general structure of the meeting I think we both agree on. We will have discussions of security issues, of which there are a number, other than the Geneva nuclear and space arms talks. We'll have discussions of regional problems. We'll have discussions of

bilateral matters, and you can be certain that the President, as he did today, will always bring up the subject of human rights and express the importance which we attach to it.

That is in general the outline of these discussions, and we will be trying to fill in there in our more detailed discussions.

Q. You mentioned something about discussion of the new Soviet leadership which is new on style but not very new on policy. With this new counterproposal, do you get the feeling that there is new policy emerging from this leadership?

A. The counterproposal is different from the position that they have been taking. And, so, we welcome that.

Obviously the people who decided it are the new leadership. Whether the old leadership would have made the same decision or not, I don't know. There's no way to tell. I do think that the situation, as a situation, should call forth efforts on both sides to try to get firmer control over nuclear arsenals and get them down to more manageable shape—and as the President has emphasized and as the Soviets have said—eventually to get them down to zero, eliminate them.

Q. Would you call this counterproposal a dramatic departure?

A. I'm not going to characterize it, other than to say it's a change in their position. And we welcome that. And it will be put on the table in Geneva in much more full form than it's possible to do in a meeting such as we had. And we'll have to evaluate it when we see its full detail.

Q. Could you at least clarify if the way the proposal is different concerns their attitudes about SDI [Strategic Defense Initiative]?

A. I don't want to go into detail about it. I can say that the President is the same in private as he is in public. That is, he insists on the importance of finding out whether, through the needed research and testing, it is possible to defend against ballistic missiles. And we are doing so in a manner that is perfectly consistent with the ABM [Anti-ballistic Missile] Treaty. The President has said that publicly, as you know. And I can tell you that he says that privately as well.

Q. Could you just explain if the Soviets have changed their position?

A. I don't want to describe the Soviet position or get started conducting

a negotiation, so to speak, in public. I think the place to do it is in Geneva.

Q. You said that Mr. Gorbachev, through his Foreign Minister, had a chance to express the prospects and how he views the prospects. Are those prospects coincident with the views of this Administration, or do you see someplace where there is an obstacle or a hurdle?

A. In terms of words, I think both say that we recognize the great difference between the systems, as represented by the Soviet Union and the United States. We're very different economies, different societies, different political systems, and so on.

But it is important, if we can do so, to work out a way in which we have a more stable relationship between us. The President says that and, through his Foreign Minister, Mr. Gorbachev said that here today.

I can't really characterize the letter. I probably shouldn't anyway, because we haven't got it translated and read yet.

Q. A senior Administration official, in this room yesterday, said that even if the Soviets were to bring a fresh proposal today, it was unrealistic to expect that it might be acted on and resolved before the meeting. Have you heard at least a general outline of this fresh proposal? And do you share that assessment?

A. The subject is complicated, and the amount of time between now and the middle of November is not very large. Nevertheless, as far as the United States is concerned, we are there in Geneva, our negotiators are very well prepared, and we're ready to work at this and achieve as much as can possibly be achieved, although we don't believe in getting put in the position where, because of the deadline of a meeting, we are tempted to agree to something that we might think is unwise. We'll push the negotiations as hard as we can, get as far as we can, and we'll just have to wait and see. But certainly we want to see the November meeting be as productive a one as possible.

Q. Along with this difference in the substance of their proposal, was there also a difference in mood, in atmosphere, that they brought to this meeting?

A. The discussions were very straightforward discussions, and I think that what problems we have are not problems of inability to communicate.

Mr. Shevardnadze is a very easy person to talk to. In terms of atmosphere there are no special problems.

Q. Is there an agreement now, pretty much, on what the agenda at the meeting will be?

A. I think broadly as I outlined it. And, of course, we'll have to work in more details. I think also, as I think we have said and as I think they also have said, in addition to discussing current things and whatever may be accomplished to ratify there, we also want to focus on the future and try to set out an agenda for the future. That, in a general way, is the overall shape of it.

Q. Does the general agreement on the agenda extend to the Soviets agreeing that human rights should be discussed, and could you characterize in more detail today's discussion on human rights?

A. I think it's better not to get into detail on the subject, but I would only say to you that it is a subject that the President and all of us feel very strongly about and so it will be discussed by us.

Q. Was there a substantive discussion of bilateral and regional issues today and could you discuss that for us?

A. It was impossible to get into any particular detail on any of those matters, except to take note of them, of their importance, the role they play in this meeting. Of course, in the bilateral area there are some readily identifiable matters that you're familiar with, where we are working, and I think there is—should be—an ability to come to some conclusion. You never know until you've got it, but certainly the ingredients are there to do so.

Q. Without going into detail on the Soviet counterproposal, could you at least tell us whether it encompasses both offensive and defensive weapons?

A. I'm not going to characterize it at all. I'm just going to leave it in the posture that I left it.

Q. Could you tell us if the President said anything about the United States continuing to abide by the terms of the ABM Treaty, and whether that was a subject raised by the Soviets?

A. We discussed the ABM Treaty and various aspects of it. The President has said many times that the program

that we're conducting is, in our view, consistent with the ABM Treaty.

Q. Who raised the matter?

A. I can't say for sure just who raised the matter, but it was discussed. Whether it came up in terms of the ABM Treaty or the Krasnyarsk radar, or just how—but anyway, we discussed it for a little bit.

Q. Is it your understanding that as a result of this meeting, the arms control discussions have moved out of the public realm and into a more serious realm at this point? Do you expect the public discussions of the various proposals in the propaganda battle that's been going on to be over now?

A. I believe that the chances of success in negotiations are maximized by having them take place privately in Geneva. Whether that is what will happen remains to be seen. That's the way we're going about it. We have basically said publicly the broad nature of what we have on the table, but we are prepared for those discussions in Geneva, and we think that's the place to hold them. If we wind up with public discussion and negotiation through press statements and so forth, I think it's not as likely to be productive. I'm on instructions from the President of not doing so.

Q. Was there any exploration today of Mr. Shevardnadze's comment in his UN speech that under certain conditions they might accept international as well as national means of verification?

A. We discussed the subject of verification and its importance and agreed on the importance of that subject and the need to address it. The President welcomed that.

Q. Do you see any shift in the Soviet position, in Mr. Shevardnadze's comments?

A. You'd have to get into much more detail than we did today to see the extent to which particular kinds of verification might be possible, including more intrusive kinds. Those are the ones that are ticklish.

Q. Did you discuss SALT II?

A. What the President has said consistently is that the research program that we have underway is consistent with the terms of the ABM Treaty. We're not contemplating an amendment to it.

Q. Did Mr. Shevardnadze indicate any new flexibility on their part on what they would accept as research?

A. I'm not going to discuss the possible negotiating elements in the nuclear and space arms talks. Whatever nuances there may be, it's up to the negotiators to talk about.

Q. But since you've said over and over again that we think it important not to publicly negotiate this issue and that whole idea's been expressed many times in statements from here in the last few weeks, did the President raise this as an objection in the meeting or voice the same sort of expressions of disappointment that have been voiced by spokesmen here about public Soviet proposals as opposed to presenting them in Geneva?

A. I think he used the word TASS once or twice and there was discussion of that.

Q. When you said there was a discussion about things, are you suggesting that things didn't follow along a very carefully scripted format? In other words, there just wasn't reading back and forth, but real deal dialogue.

A. What we had was a presentation by the President; it was a comprehensive presentation—a presentation by Mr. Shevardnadze that followed his presentation of the letter and which was, in a sense I suppose, a description of the letter. I can't say that because I haven't read it yet, but that is the general idea. Then there followed a conversation for quite a while, I suppose about half of the time in the Oval Office, and the conversation went from one subject to another as the two principles wished. Others in the meeting interjected now and then. What we had was a general sort of discussion of various topics and in a mode where people said something and you said something back. In other words, people weren't just making random declaratory sentences. In that sense it was an exchange and that's good.

Q. Did they discuss SALT II and possible extension of SALT II?

A. No.

Q. Were those two presentations read and did the two men at the end of the session spend time alone without the rest of you with just the translators?

A. Each person had some notes or cards and talked—in other words, had thought through beforehand what each was going to say, but talked in a conversational way. They weren't just reading things. As far as the format is concerned, the President did spend

EUROPE

some private time after the general meeting concluded with Mr. Shevardnadze alone with the interpreters and then came over—

Q. How much time?

A. I think 10 or 15 minutes, something like that.

Q. Can you give us any general characterization of what they discussed during that time?

A. No, I can't.

Q. The same things the President discussed with Mr. Gromyko—the same general area of the personal view of world peace and what needed to be done?

A. I don't have any characterization of it.

Q. The United States seems to be preoccupied with the prospect of new mobile missiles in the Soviet Union almost as much as they are with the prospect of SDI. Did the President raise that concern, and what did you say about it?

A. We are concerned, of course, about the implications for strategic stability of the increased accuracy with MIRVed [multiple independently-targetable reentry vehicles] missiles that are mobile and, in fact, that set of developments is one of the motive powers for seeking a defense against ballistic missiles. That is part of the presentation that we've made to the Soviet Union quite a number of times.

Q. Was there a suggestion in those remarks that if they move or agree to move more slowly on that or to make changes in their program so that the United States would find a defensive program less urgent?

A. I'm not going to discuss the question of proposals and counter-proposals and what might be said. I think that kind of thing is for the people in Geneva to talk about. But the President has, as I said before, said in public and in private that he feels it is absolutely necessary to find out whether or not it is possible to defend against ballistic missiles and the program of research and testing that we contemplate, we believe, is consistent with the ABM Treaty.

Q. You have said, the President said, that the program that he has fits under the ABM Treaty. The Soviets have said it doesn't. Is there any narrowing of the gap in terms of our interpretations of what's legal under the treaty from your talks on Wednesday and from the talks today?

A. No, this is the sort of thing that, it seems to me, deserves intensive discussion in Geneva.

Q. You said no, that there hasn't been any narrowing?

A. The subject has been discussed, and there was no resolution to it, obviously.

Q. Do you expect the defection of the KGB agent to have any impact on U.S.-Soviet relations?

A. I have no comment on that subject.

¹Press release 232 of Oct. 1. ■

Visit of Danish Prime Minister



(White House photo by Mary Anne Fackelman)

Prime Minister Poul Schluter of the Kingdom of Denmark made an official visit to Washington, D.C., September 9-11, 1985, to meet with President Reagan and other government officials.

Following are remarks made by President Reagan and Prime Minister Schluter at the arrival ceremony on September 10.¹

President Reagan

Prime Minister Schluter, Mrs. Schluter, today it's a great pleasure to welcome you.

Denmark is an old friend and an ally, in NATO and an active trading partner; ties between our two countries run long and deep. Denmark recognized the United States as a free and independent nation shortly after our Declaration of Independence. Ever since that act of friendship, relations between the Danish and American people have continued to grow to our mutual benefit. Commerce between our two countries, for example, has been a boon on both sides of the Atlantic, underscoring the need for free and open international trade.

I look forward to discussing with you the need to strengthen and broaden the international trading system,

perhaps through a new round of comprehensive trade negotiations. At a time when our countries are enjoying improving economic conditions, protectionism looms as a threat. Working together, we can see to it that our international markets stay open and that this avenue to progress and well-being is not blocked.

In the past century, many Danes immigrated here to look for the American dream. With their hard work and good citizenship, they not only made that dream real, they helped build a great nation as well. So many Danes came here around the turn of the century, in fact, it's said that every Dane in Denmark has a relative in America. Whether that's true or not, clearly we are of the same family of free peoples. We're bound together by our common dedication to the principles of human liberty and our mutual commitment to the preservation of peace. Our countries have both recognized that the blessings of peace can only be secured by free peoples who are strong and stand together. This fundamental truth is at the heart of the NATO alliance in which Denmark has played an active role for nearly four decades. The collective deterrence of NATO has given Denmark and all of Europe 40 years of peace. We in the United States are proud to have played a role in preserving European peace and are grateful that Denmark has committed its moral weight and made a military contribution to the success of the Western alliance.

As we face new and complex challenges to our mutual security, it is ever more important that we reaffirm the trust and friendship which has served us so well. By strengthening our common defense and standing united in our efforts to achieve effective and verifiable arms reductions, we can make ours a safer planet. We can, must, and will have not just four decades of peace but a century of peace—a more stable peace which is what we want most next

to the preservation of our own freedom. And independence will not be secured by wishful thinking or public relations campaigns; free people must be mature, vigilant, and stand in solidarity.

We have already reached out in the cause of a safer world on numerous occasions, and we will continue to do so. We have offered to reduce the number of intermediate-range missiles in Europe to zero. We have offered major reductions in strategic and intermediate weapons as well as a lowering of the level of conventional forces. We look forward to the coming meeting in Geneva, not for an end of all that has been wrong between East and West but a beginning point for better relations, a starting point for progress.

I'm certain you agree with me that democratic governments are naturally inclined toward peace. Freedom brings people of diverse backgrounds together as friends. I hope that during the time you spend in the United States you'll feel, through our welcome to you, the warmth and friendship that Americans share for the Danish people.

Perhaps something that best exemplifies this is the unique Fourth of July celebration that takes place every year in Denmark. In the hills of Rebild, thousands of Danes and Americans celebrate together the birth of the United States and the values we share. The American and Danish flags fly together in honor of democracy and freedom.

We had the wonderful pleasure—Nancy and I—of sharing that day in Denmark in 1972 when we personally participated in the Rebild Fourth of July festivities. And the warmth and friendship we felt that day reflected something between our two peoples that is very special, and we shall never forget it.

It's an honor for me at this time to return to you the good will and hospitality that was extended to us then. On behalf of all of our citizens, welcome to America.

Prime Minister Schluter

I wish to thank you for your very kind words of welcome.

Relations between Denmark and the United States of America have always been close and friendly. When Denmark, as early as in 1801, established diplomatic relations with the United States, we were among the very first countries to do so. Over the years, the dynamic creativity of the new nation

tempted, as you mentioned, thousands of Danes looking for challenges and opportunities. The contribution by Danish immigrants to the building of America has been one of the pillars of Danish-American relations.

The American engagement in Europe in two World Wars and American support for European recovery after World War II have become basic elements in our relationship in the second half of the 20th century. The presence of American troops in Europe is visible proof of the U.S. commitment to the Atlantic alliance, which, for almost four decades now, has protected its members against war and secured their freedom. The solidarity of the Atlantic alliance has also provided the necessary background for our endeavors to seek a more secure and confident relationship between East and West.

We wish that the upcoming meeting in November with General Secretary Gorbachev will lead to the beginning of

a more constructive East-West relationship, benefiting the United States, the Soviet Union, the alliance, and the world.

We all have, as you also expressed, one major goal in common—survival. As free societies, we have always been able to discuss openly; a free and open debate serves mutual understanding and unity in cooperation.

You have not only been a strong supporter of NATO; I would also like to pay tribute to your support of our economy. Protectionism is indeed, as you have said, destructionism.

I'm looking very much forward to our talks today and to meet members of the American Administration.

¹Held at the South Portico of the White House, where the Prime Minister was accorded a formal welcome with full military honors (text from Weekly Compilation of Presidential Documents of Sept. 16, 1985). ■

23d Report on Cyprus

MESSAGE TO THE CONGRESS, SEPT. 3, 1985¹

In accordance with Public Law 95-384, I am submitting herewith a bimonthly report on progress toward a negotiated settlement of the Cyprus question.

Since my previous report, United Nations Secretary General Perez de Cuellar has continued his efforts, begun last fall, to obtain the two Cypriot communities' acceptance of an agreement containing the elements of a comprehensive Cyprus settlement. He endeavored to overcome the difficulties that had arisen during the January 1985 summit meeting by incorporating components of the documentation into the consolidated draft agreement. His expressed intention was to bring greater clarity to its various elements and to devise procedural arrangements for follow-up action, while preserving the substance of the documentation. The Secretary General reported to the Security Council in June, a copy of which is attached, that the Greek Cypriot side had replied affirmatively to his revised documentation and that he was awaiting the Turkish Cypriot response to his efforts. The Secretary General added that, "provided both sides manifest the necessary goodwill and co-operation, an agreement can be reached without further delay."

The Turkish Cypriots postponed replying to the Secretary General while they proceeded with a constitutional referendum on May 5, a presidential election on June 9, and

parliamentary elections on June 23. The Turkish Cypriots stated that the referendum and elections would not preclude their participation in a federal Cypriot state. We have repeatedly registered with both communities our conviction that actions which might impede the Secretary General's efforts to negotiate an agreement should be avoided and have reiterated our policy of not recognizing a separate Turkish Cypriot "state."

Since my last report to you, American officials in Cyprus have met regularly with leaders of both Cypriot communities. Department of State Special Cyprus Coordinator Richard Haass visited Cyprus, Greece, and Turkey in July. He discussed the Cyprus issue with the two Cypriot parties and the Governments of Greece and Turkey and expressed our support for the Secretary General's initiative. We continue to urge flexibility by all parties and are encouraged that they continue to support a negotiated settlement under the Secretary General's good offices mandate.

Sincerely,

RONALD REAGAN

¹Identical letters addressed to Thomas P. O'Neill, Jr., Speaker of the House of Representatives, and Richard G. Lugar, Chairman of the Senate Foreign Relations Committee (text from Weekly Compilation of Presidential Documents of Sept. 9, 1985). ■

Human Rights and U.S.-Soviet Relations

by Michael H. Armacost

Address before the International Council of the World Conference on Soviet Jewry on September 9, 1985. Ambassador Armacost is Under Secretary for Political Affairs.

It is a great honor to be your speaker this evening. I bring you greetings from the Secretary of State who, along with all Americans, shares your deep concern about the plight of Soviet Jewry. I should like to address my remarks this evening to the human rights situation in the Soviet Union and the impact this has on U.S.-Soviet relations.

The State of U.S.-Soviet Relations

First, a comment about the state of U.S.-Soviet relations. The world is awash with commentary on the subject as preparations intensify for the November meeting between President Reagan and General Secretary Gorbachev. The question leaders on both sides must address is whether the basis for a more durable U.S.-Soviet rapprochement can be established. A distinguished Harvard historian, Adam Ulam, has recently commented that: "What concretely upsets . . . Americans about the U.S.S.R. is what the Kremlin *does*, and what must be a continuing source of apprehension to the latter springs from what America *is*."

American hopes for detente in the 1970s foundered on Soviet efforts to achieve geopolitical advantage in Indochina, Angola, Ethiopia, and Afghanistan; to back anti-American forces in Central America and the Caribbean; to quash attempts at liberalization in Poland; and to build military forces beyond any reasonable need for defense.

If there is to be real improvement in the relationship, these underlying difficulties must be addressed. For our part, we are determined to make such an effort. The task is great.

- A basis must be found for resolving through political means such regional issues as Afghanistan. It is not, after all, weapons themselves that cause wars but political actions.

- In coping with problems of arms competition, propagandistic offers of moratoria are not the answer. The test is whether we can achieve major, stabilizing reductions in offensive nuclear

arms now, while examining whether in the future deterrence can rely more heavily on defense than on threats of mutual annihilation.

- In our bilateral relations the range of mutually beneficial contacts and exchanges must be expanded.

Moreover, there is the burden on our relations imposed by the way Soviet authorities treat their own people. We raise human rights questions with our Soviet counterparts not to score debating points, nor to achieve political advantage, but because of the kind of people we are. Freedom is fundamental in our society. Americans have always attempted to hold the torch of freedom alive not merely for themselves but for others around the world. It is to this subject that I would like to turn.

Deterioration of the Human Rights Situation

In recent years the Soviet human rights situation has deteriorated sharply. In 1980, Andrey Sakharov was exiled from Moscow and placed under house arrest, Jewish emigration was cut in half, and the KGB began moving even more freely against dissident activists.

The KGB, under Chairman Yuri Andropov, refined existing techniques of repression and developed more sophisticated but no less harsh measures.

- Many prominent dissidents were allowed or forced to emigrate.

- Others were arrested on criminal charges or confined in psychiatric hospitals.

- Induction of would-be Jewish emigrants into the military enabled authorities cynically to claim reasons of "state security" to deny them permission to leave the U.S.S.R.

- The criminal code was revised to make repression of dissidents less cumbersome and more brazen.

- Intimidation of Western journalists was stepped up to stop their reporting about dissidents.

Why was the repression intensified? Internal and external causes seem to have been at play. At home, Moscow faced serious problems—an inefficient economy, social malaise, troubles in the empire from Poland to Afghanistan, and, until recently, immobility in the leadership. Abroad, the Soviet regime faced more steadfast resistance by the West

and in the Third World following its invasion of Afghanistan and crackdown in Poland.

One way Soviet authorities reacted to these problems was to intensify control and repression at home and cut back contacts between their citizens and the outside world. Arrests of dissidents increased. All forms of emigration were reduced dramatically. Jewish emigration—which peaked in 1979 at over 51,000—had fallen by last year to below 900. A similar fate befell Germans and Armenians living in the U.S.S.R.

Soviet leaders sanctioned renewed manifestations of anti-Semitism. In cutting off the safety valve of Jewish emigration, Soviet authorities may have brought upon themselves a new upsurge of religious and national consciousness in one of the U.S.S.R.'s most assimilated minority communities.

They embarked on a campaign of arresting and convicting teachers of the Hebrew language and others in the forefront of this new awareness and identity. Since July 1984 at least 16 Jewish cultural activists, including 9 Hebrew teachers, have been arrested. Thirteen have been convicted, several on crudely trumped-up criminal charges. Soviet authorities have planted drugs in the apartments of two of them, a pistol and ammunition in the apartment of a third. Yet another was convicted for stealing books he had borrowed from a synagogue library. Three were beaten following their arrests; one, Iosif Berenshtein, was virtually blinded.

Many Jews have also been fired from their jobs or had their apartments searched, phones disconnected, or mail seized. Soviet newspapers and television have branded Hebrew teachers and other Jewish cultural activists as "Zionist" subversives. Zionism has been equated with nazism. World War II Jewish leaders have been accused of helping the Nazis round up Jews for the death camps.

A notorious episode in this campaign was the recent stage-managed television recantation of convicted Moscow Hebrew teacher Dan Shapiro. Shapiro was given a suspended sentence after agreeing to condemn publicly the movement with which he had become so closely associated. Reportedly, he did so after threats to charge him with treason and sentence him to death. The choice that Dan Shapiro faced was an extreme form of the dilemma facing Soviet Jews today. How does one survive in an environment in which the authorities are not constrained by the rule of law?

Unofficial religious activity is currently the most vigorous form of dissent in the U.S.S.R., but it has been hit hard across the board. In addition to Jews, the Ukrainian Uniates, Lithuanian Roman Catholics, and unregistered Baptists and Pentecostals have come in for severe repression.

Nor has there been progress on the cases of major human rights figures such as Andrey Sakharov and his wife, Yelena Bonner, Anatoliy Shcharanskiy, and Yuriy Orlov. Dr. Sakharov, in forced and isolated exile in the closed city of Gorkiy, was apparently abducted from his apartment last spring after beginning another hunger strike, this time to resurface in a cynical yet sadly poignant KGB film showing him eating in a hospital bedroom. What his true condition is today we cannot say. Just last week Vasyl Stus, a leading member of the Ukrainian Helsinki Monitoring Group, died tragically in a Soviet labor camp.

We look for signs of progress on human rights, but the evidence is not encouraging. Monthly emigration figures this year have been up slightly one month and down the next—to be sure, all at a very low level. Whether these fluctuations represent anomalies or a deliberate tease is unclear.

In a slightly more positive vein, one of our long-time dual national cases was resolved this spring, and three long-standing cases involving the spouses of American citizens have also been resolved. While we welcome these gestures—however calculated or isolated—many more cases remain unresolved. Meanwhile, the arrest of Hebrew teachers, religious believers, and human rights activists persists.

Impact on Bilateral Relations

Why do we attach such importance to Soviet human rights performance? First, human rights abuses have major impact on American perceptions of the Soviet Union. When Americans hear that Soviet authorities have abducted an Andrey Sakharov from his home, planted drugs on Hebrew teachers, or treated their own citizens as captives in their own country, they wonder about the possibilities for constructive relations between our two governments. In this way, Soviet human rights abuses influence U.S. public opinion and circumscribe the flexibility of any U.S. administration to deal with the Soviet Union on a pragmatic basis.

Soviet leaders allege that expressions of our concern amount to interference in their internal affairs. They claim that human rights issues are not legitimate topics for dialogue between governments. Yet, the Soviet Union assumed solemn international obligations, such as the 1975 Helsinki Final Act, to respect specific human rights of their citizens. Violations of these obligations cannot but affect perceptions of Soviet willingness to abide by other accords and erode political confidence needed to make progress on a variety of issues.

At meetings of the Conference on Security and Cooperation in Europe (CSCE), such as the recent one in Ottawa of human rights experts, we have pressed vigorously for Soviet compliance with the human rights provisions of the Final Act. We hope progress can be made soon in the Stockholm conference. A unique aspect of the Final Act is its recognition that respect for human rights is essential to development of security and cooperation in Europe. In pursuit of this commitment to balanced progress in the CSCE process, we are sending a distinguished delegation, led by former Deputy Secretary of State Walter Stoessel, to the Budapest Cul-

tural Forum this autumn. There, and at the Human Contacts Experts Meeting in Bern, we will continue to press our concerns.

While we have not hesitated to speak out in international meetings, we have also consistently raised our concerns in confidential channels. We have made human rights a prominent part of our dialogue with Soviet leaders. We have detailed our specific concerns, including those about Soviet Jewry, and made clear their importance to the U.S.-Soviet relationship. We tell Soviet leaders that our relations cannot be put on a long-term, constructive basis without significant gains in this area.

On some occasions, we have presented the Soviets with representation lists of persons denied permission to leave the Soviet Union. One list names about 20 U.S.-Soviet dual nationals, another about 20 Soviet spouses of U.S. citizens, and still another over 100 Soviet families denied permission to join their loved ones in the United States. Many individuals on these lists are Soviet Jews. We also regularly present a list of over 3,400 Soviet Jewish families who have been refused permission to emigrate to Israel.

U.S. Repeats Call for Sakharovs Release

DEPARTMENT STATEMENT, SEPT. 11, 1985¹

We continue to be greatly disturbed about reports reaching the West concerning the health and whereabouts of the distinguished Soviet scientist and Nobel Peace Prize winner, Dr. Andrey Sakharov, and his wife, Yelena Bonner. For well over a year, the Soviets have kept them in Gorkiy, isolated from direct contact with their family or independent Western observers. Our Embassy in Moscow is making a high priority effort to try to locate the Sakharovs, but information about their current situation is difficult to verify. The Soviets have turned a deaf ear to the outpouring of international concern and outrage about their treatment.

We remain profoundly concerned about their health and welfare, and we will continue to do everything we can to try to help these courageous people. We have raised the issue of the Sakharovs in our high level meetings with Soviets;

we will continue to do so until there has been a satisfactory resolution of this case. In fact we have done so again in the past few days. We have specifically urged them to permit family members to visit them.

The Soviets are fully aware of our views on this issue. We have told them repeatedly that human rights is inseparable from other areas of the relationship.

We again call on the Soviet leadership to end the isolation of Dr. Sakharov and his wife and to permit family members and independent observers to meet with them. As President Reagan stated on May 15, "Let all who cherish Dr. Sakharov's noble values, both governments and individuals, continue to press the Soviets for information about the Sakharovs and for an end to Soviet persecution of two of its most distinguished citizens."

¹Made available to news correspondents by State Department spokesman Bernard Kalb. ■

HUMAN RIGHTS

It is our hope that Soviet authorities are coming to recognize that human rights will remain central to the U.S.-Soviet agenda. We are not asking Soviet authorities to do the impossible but only to live up to their international obligations and loosen the screws of repres-

sion tightened so cruelly in recent years. We watch the patterns of Soviet Jewish emigration, as you do. We are prepared to respond as improvements occur. On this score, we appreciate your counsel and that of others interested in Soviet Jewry.

We do not expect miracles overnight. But Soviet leaders must surely be confident enough to be able to lessen repression and increase emigration without endangering the so-called "leading role of the Communist Party." We repeatedly make the point to Soviet leaders that this could benefit our relations.

Soviet officials hint that improvements in human rights, including Jewish emigration, can follow an upward swing in overall relations. There are those who believe that at times in the past better relations meant more emigration. Whether or not this was true, we reject the notion that improvements in human rights can come last. The reality is that Soviet abuses of human rights undermine the political confidence needed to improve relations, negotiate arms control agreements, and cooperatively lessen regional tensions.

Soviet leaders seek to create the impression that they are more serious than American leaders in seeking to improve relations. They aver that better relations depend on U.S. and Western political "will," not on changes in Soviet behavior. They are mistaken. Let us look at what the United States has tried to accomplish and what it seeks for the future.

Steps Toward Improved Relations

We will start with bilateral issues. Last year following the commencement of NATO missile deployments in Europe, the Soviets tried to freeze bilateral relations. Nevertheless, we persevered and ultimately signed modest accords on consular affairs and hotline modernization. This year there has been slightly more progress, mainly the conclusion of the North Pacific air safety agreement and visits of legislative delegations and Secretary [of Agriculture] Block. We look forward to better exchanges in these areas and to making progress in maritime boundary talks and peaceful space cooperation.

Finding ways to reduce regional tensions could have enormous benefit. Over the past year, teams of U.S. and Soviet experts have had talks on the Middle East, southern Africa, and Afghanistan and will hold them this week on East Asia. These talks have not yet, however, met our expectations.

A continuing exchange of views can help avoid misunderstandings. But specific steps are needed, too. For example, the Middle East remains a tense area that affects directly the interests of the Soviet Union and the United States.

Fifth Anniversary of Solidarity

PRESIDENT'S STATEMENT, AUG. 31, 1985¹

In the history of Eastern Europe since World War II, there have been few events whose anniversaries can be celebrated with any sense of pride or satisfaction. The lot of these countries has been one of repression, of sacrifice, of waiting for a better day that never comes. Five years ago, however, in a unique, spontaneous, and overwhelming expression of the public will, the working people of Poland exacted from their government the right to form their own free trade unions. The myth of the "worker state," as communist governments so misleadingly characterize themselves, was thereby shattered for all time.

During the ensuing 15 months, some 10 million Polish citizens banded together under the banner of the Solidarity movement, to be joined by 4 million farmers, who created their own union along similar lines. Their goals were no different from those of the working class throughout the world—decent working conditions, a fair wage, an economic system that works, and a genuine voice in shaping the society of which they form the foundation. They pursued those goals then, as they do today, not with force, for they had no weapons other than indomitable courage, steadfast will, and a readiness to accept high risks in pursuit of their cause. Not one drop of blood was shed when Polish workers gained their victory, and Solidarity has consistently eschewed violence in any form ever since.

These brave aspirations were brought to a temporary standstill in December 1981, when, pressured by Moscow, Gen. Wojciech Jaruzelski used the Polish Armed Forces to impose martial law on his own people, to arrest most of Solidarity's leaders and many of the rank and file, to force others into hiding, and to withdraw from the union

its legal right to exist. Since that day, the alienation of the Polish Government from the people it professes to represent has become all too evident.

But Solidarity has not died, nor have the principles for which it came into existence become any less urgent in the minds of the Polish people. Despite all oppressive measures, provocations, imprisonment, police brutality, and even killings, this, the only free trade union in the entire communist world, has continued its struggle by peaceful means to persuade its government to provide all elements of the society a role in shaping Poland's destiny. Although Solidarity's voice has been muted by being forced underground, its message, whether via underground radio, clandestine publications, public demonstrations, or by simple word of mouth, continues to be heard clearly throughout Poland and throughout the world, wherever there are people who value freedom.

We here in the United States have also heard Solidarity's message and respond to it with all our hearts. We call upon the Polish Government to do likewise. This is not a subversive organization. It asks only that basic human rights be observed and that Poland be governed by responsible and responsive leaders. It asks those leaders to seek participation of workers, managers, and technocrats, academicians and intelligentsia, and the cohesive strength of the church in grappling with the massive economic and societal problems which must be solved if Poland is to assume its rightful place within the brotherhood of nations. Should such a reconciliation take place, the traditional hand of American friendship will be ready and unreservedly extended to Poland, just as it has been throughout the last 200 years. Meanwhile, we shall continue to support the legitimate hopes of our Polish brothers and sisters who are defending our common values.

¹Text from Weekly Compilation of Presidential Documents of Sept. 9, 1985. ■

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The Soviet Union seeks a greater role in the peace process, yet has offered nothing but procedural suggestions. One immediate step it can take is to lessen its unremittingly hostile propaganda directed against Israel. It should also call upon its friends in the PLO [Palestine Liberation Organization] to forswear violence.

Afghanistan may be the most pressing regional issue for the new Soviet leadership. Moscow's brutal occupation and continuing repression spur resistance, not acquiescence, from the brave Afghan people. Informed Soviets ought to realize by now that the hope of building communism in Afghanistan, even in the long term, is futile. In our view it should be possible to find a solution which protects the legitimate interests of all parties, the right of the Afghan people to live in peace under a government of their own choosing, and the Soviet interest in a secure southern border. Soviet commitment to early troop withdrawals would be a good beginning and would promote progress in the UN negotiations on Afghanistan.

The arms control dialogue was revived earlier this year when the two sides agreed to commence nuclear and space arms talks in Geneva. The United States is prepared for concrete progress on arms control, based on an enduring and realistic foundation. The President is fully committed to achieving major, stabilizing reductions in nuclear arsenals. He has given our negotiators great flexibility to achieve this end.

We welcome General Secretary Gorbachev's expressed interest in achieving radical reductions, but we must also explore the potential of strategic defenses to strengthen deterrence. Our research in this field is vital to the long-term prospects for maintaining the peace. Soviet work on strategic defenses has long been greater than our own. The Soviets would gain from engaging us on how strategic defenses—if they prove feasible—might play a greater role in the future, to our mutual benefit.

We would like to believe the Soviet Union wants improved relations with the United States. For our part, we are taking steps that can lead to that end. In the months ahead, and at the meeting of President Reagan and General Secretary Gorbachev in Geneva this November, we hope political confidence can be developed that will lead to concrete progress in all areas—arms control, regional and bilateral issues, and human rights.

Human rights is an essential part of this process. We are willing to discuss our human rights concerns with the Soviets in an atmosphere free from rancor and recrimination. If the new leadership shows the foresight and the confidence to improve the human rights situation, important political confidence can

be generated. Certainly, our willingness to improve trade and other aspects of our relationship would be enhanced. Let us hope that Soviet leaders will take advantage of this opportunity. Both our peoples and people everywhere will benefit if they do. ■

Terrorism: Overview and Developments

by Robert B. Oakley

Address before the Issues Management Association in Chicago on September 13, 1985. Ambassador Oakley is Director of the Office for Counter-Terrorism and Emergency Planning.

It was 15 years ago today that a major new chapter in international terrorist spectacles literally exploded on the world scene. Palestinian terrorists from the radical PFLP [Popular Front for the Liberation of Palestine] faction hijacked four airliners and forced the pilots to fly three of them to a former World War II RAF [Royal Air Force] base in Jordan—Dawson Field. On September 13, 1970, they blew the planes up before the cameras. A fourth plane already had been blown up in Cairo. Those blazing explosions marked a new dimension in the ability of terrorists to catch our attention and make terrorism an act of macabre theater as well as deadly crime.

That mass hijacking attack brought the terrorist groups to the front pages—and, more important to them—to the prime-time evening television news around the world.

That spectacular did not benefit the terrorists in the short term. It led to King Hussein's expulsion of the PLO [Palestine Liberation Organization] from Jordan amid heavy fighting which cost hundreds, if not thousands, of Palestinian lives. However, the events of September 1970, which prompted one terrorist group to take on the name "Black September," set into motion a chain of events in Lebanon and elsewhere which are still unfolding. These range from the 1972 Olympic tragedy in Munich, the attack upon Lod Airport in Israel, all the way to current terrorist actions by Palestinians in the Middle East and Europe. Some of them are Palestinian vs. Palestinian, with mainline PLO and Jordanian officials

targeted by dissident Palestinian groups, some of which receive help from Syria.

During the 1970s, West European terrorists struck at their own targets—the IRA [Irish Republican Army] assassinated Lord Mountbatten and killed hundreds of innocent people in Northern Ireland and Britain. Italian terrorists, notably the Red Brigades, killed former Prime Minister Moro, and scores of Italians became innocent victims. West German terrorists—the Red Army Faction—robbed banks, planted their bombs, killed, and kidnapped.

Today, new groups which were virtually unknown on the international terrorist scene a few years ago have suddenly emerged alongside the older groups to take their toll of lives.

- Muslim fundamentalist Shi'a terrorists, inspired by the Ayatollah Khomeini's "Islamic revolution" and supported by the Iranian Government, have committed suicide bombings against the U.S. Marine barracks and Embassy buildings in Lebanon and carried out attacks in Kuwait, including the U.S. Embassy, the French Embassy, and Kuwaiti facilities.

- Sikh terrorists have assassinated Prime Minister Indira Ghandi and several other Indian officials, apparently planted the bombs which blew up the Air India 747 in mid-air and exploded at Tokyo's Narita Airport, and tried to conduct assassinations in the United States.

- In Latin America, leftist guerrilla groups and narcotics traffickers have used terrorists to attack and threaten U.S. ambassadors and other officials as well as local government leaders in several Latin American countries.

Some forms of terrorism had appeared to be on the decline, such as aircraft hijacking. But Shi'a terrorists last year revived that technique, which had been used by the Palestinians. Two

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American Government employees were killed when the terrorists hijacked a Kuwaiti airliner to Iran last December. A Jordanian airliner was hijacked and—in echoes of Dawson Field—blown up at Beirut airport this summer. And, of course, there was the hijacking of TWA 847 in June—the first time an American plane had been hijacked in the Middle East since a Pan Am plane was blown up during that September 1970 attack. Kidnappings had also appeared to be on the decline, but in the past 2 years seven Americans have been kidnapped in Beirut and remain as captives. A U.S. businessman was kidnapped in Bogota, Colombia, last month. And President Duarte's daughter has just been taken this week in El Salvador.

Nevertheless, the principal terrorist tactics in the past 2 years have been bombings and armed attacks with an increasing intent to kill, maim, and injure—not merely to frighten or inflict property damage. We have seen this in West Germany where a Red Army Faction car bomb, 5 weeks ago, killed and injured Americans and Germans alike at a U.S. Air Force base near Frankfurt, and an American serviceman was brutally murdered for his identification card. In Madrid this week, an American businessman died of injuries received while jogging nearby as Basque terrorists set off a bomb which wounded some 16 Spanish policemen.

I mention these points not with the intention of providing a comprehensive overview—it would take more time than you have and a better memory or files than I have. Nor do I want to scare you into abandoning travel or business operations abroad for a retreat into fortress America. Rather, this brief introduction is meant to help illustrate one of the major problems in countering international terrorism—its shifting patterns and cycles—as well as to accentuate the need for security preparedness. Terrorism is a form of warfare in which unpredictability and surprise are major weapons. Those who indulge in this form of ripping at the thin veneer of civilization hide behind sneak attacks and faceless phone calls. Their favorite targets are usually not military or police installations but unarmed and unsuspecting civilians, particularly diplomats—and businessmen.

Terrorism is not a new scourge. It is too easy to forget that even terrorism has a history and that some of the terrorists of today are following trends set hundreds of years ago and set in the same part of the world. In the Middle East, terrorism has been known at least

since the 1st century A.D. during the Zealots' struggle against the Romans in ancient Palestine. In the 11th century A.D., the Assassins sect emerged in Persia and spread to Syria where they attacked the Christian crusaders as well as other local officials.

The Barbary pirates conducted their own form of terrorism, operating from what is now Libya and leading to the landing by the U.S. Marines on the shores of Tripoli a century and a half ago. The forerunner of the car bomb, the cart bomb, was reported in Napoleonic times.

The more modern versions of terrorism and its ideological underpinnings emerged in the latter part of the 19th century, particularly in Russia and other European countries. The German radical, Karl Heinzen, of the mid-19th century wrote: "If you have to blow up half a continent and pour out a sea of blood in order to destroy the Barbarians, have no scruples of conscience." The leftist terrorist groups in Europe, such as the German Red Army Faction, appear to have inherited this sort of pseudo-intellectual rationalization for their violent attacks upon society.

Current Trends

Terrorism has ebbed and flowed, but today the number of incidents is greater than before, and it is increasingly a worldwide phenomenon. In 1984, there were more than 600 international terrorist incidents, a 20% increase over the average level of the previous 5 years. The number of incidents is up further this year—480 for the first 8 months, compared with 382 for the same period last year.

Here are some of the trends we are likely to see over the next few years:

First, international terrorism is and will remain a prominent factor on the international political landscape, despite the intensified efforts we and other governments are making. Terrorism will not easily disappear for many reasons: a worldwide system of competitive arms sales makes modern weapons available more easily to terrorist groups; mass communications assure instantaneous publicity for terrorist acts; travel is easier between different countries, and border controls are diminishing, particularly in Western Europe; the copycat phenomenon causes more and more desperate or amoral individuals and groups to adopt terrorism; and, most important, in an age when weapons of mass destruction as well as increasingly lethal conventional armaments have

made regular warfare too costly, terrorism is viewed by certain countries as a cheap way to strike a blow at their enemies with little or no retaliatory action.

Second, for the United States the problem is likely to continue to be much more external than internal. Incidents within the United States, especially externally connected terrorism, have been decreasing, altogether representing less than 1% of the world total, whereas the United States abroad has been the number one target for terrorists. This is due, in large part, to the exceedingly effective work of the FBI [Federal Bureau of Investigation], generally tighter controls on visas and at U.S. points of entry, and an aversion by the American people to foreign-inspired violence.

Domestic terrorism is a serious problem, with the principal threats coming from Puerto Rican terrorists plus individuals and groups, often loosely linked, who reflect inchoate neo-Nazi, white supremacy attitudes. But the effective work of the FBI and local law enforcement agencies has kept it from getting out of hand.

There is a potential foreign terrorist threat of major dimensions within the United States, particularly from several Moslem and other ethnic groups (e.g. Libyan, Iranian, Palestinian, Sikh, Armenian, etc.). Excellent work by the FBI, other law enforcement agencies, and our intelligence community, plus fear by the state sponsors of terrorism of the consequences were they to be caught supporting attacks within the United States, have kept this threat under control so far. However, we can never feel safe, never slacken vigilance, as shown by the FBI prevention this spring of planned attacks in this country by Sikh and Libyan terrorists and its arrest last month of Puerto Rican terrorists linked to Cuba.

Third, open societies will remain the principal targets of terrorists, although no societies are immune. Democratic societies are vulnerable to terrorism, on the one hand, because the terrorists might succeed more easily in bringing the democratic governments to their knees due to their very openness and concern for their citizens; or, on the other hand, overreaction by a democratic state to the threat could destroy the very nature of the society. Terrorists would welcome either outcome.

The means of attack which are increasingly available to the opponents of democratic states are also available, to a

lesser degree, to the opponents of dictatorships. They may have tighter controls at home where basic freedoms do not count, but they are vulnerable abroad, and during 1984 the Soviet Union ranked number seven on the international terrorist victim list. This is far behind the United States and other free countries, probably because most groups abroad are vaguely leftist or Marxist in ideology. We have little evidence of direct Soviet support to such terrorist groups. However, their objectives clearly parallel those of the U.S.S.R., and they receive indirect support and encouragement.

Fourth, there has been an unmistakable rise in state-supported terrorism over the past few years, with Iran, Libya, Syria, Cuba, and Nicaragua as the most active, determined, systematic supporters of terrorist groups and activities. The combination of direct government assistance in arms, explosives, communications, travel documents, and training with fanatic individuals or groups goes a long way to explaining the shift in tactics toward bombing and armed attack and the accompanying increase in the casualty rates from terrorist attack. The fact that the states I have mentioned—except Iran—receive large quantities of Soviet arms, which, in turn, flow directly to the terrorists, is hardly coincidental.

Fifth, there is a trend toward greater lethality. To date, terrorists have, by and large, used conventional methods of attack (high explosives, firearms, hand grenades, car bombs, etc.) with great effect. However, as our defenses against conventional weapons improve, so does the likelihood that terrorist groups will move to more sophisticated and esoteric methods of attack. The potential impact to our society and to our national security is catastrophic in nature. (In recognition of the enormity of the potential, we have been developing interagency plans for the response to and the countering of plausible terrorist threat in either nuclear or chemical/biological attack.

The Current International Terrorist Scene. Looking behind these trends in more detail at the international terrorist scene, we note that the Middle East has become the primary source of international terrorism, accounting for about 35% of the incidents. But international travel has permitted the export of Middle Eastern terrorism elsewhere. There are two main categories of Middle Eastern terrorists:

First, fanatical Palestinians who have split off from the mainline PLO led by Arafat and often have the direct support of Libya and Syria; and

Second, Shi'a zealots residing in many Arab countries, especially Lebanon, who are inspired, trained, and often armed, financed, and, to varying degrees, guided by Iran. They have bombed the U.S. Embassy and Marines and the French military in Beirut, hijacked U.S. and French aircraft, and taken U.S., French, British, and other nationals hostage. They are responsible for terrorist activities against various Arab states.

In addition, Libya is becoming an increasing threat to its neighbors in North Africa, to many states in black Africa, and to peace and stability in the Middle East, using propaganda and subversion or overt military attempts as well as terrorism. Moreover, Qadhafi's worldwide ambitions—which strongly resemble those of the U.S.S.R. and certain of its close allies—have brought Libyan agents and money to terrorist operations in the Caribbean, Central America, New Zealand, and even the South Pacific island of New Caledonia. At present, the greatest Libyan threat is to the moderate and black states of Africa—mostly Tunisia, Algiers, Egypt, Sudan, Chad, and others further south. The United States is working with these states to help them resist Libyan aggressive plans.

The targets of Middle East terrorism fall principally into four groups: Israel; Western governments and citizens, particularly France and the United States; moderate Arab governments and officials, including the mainline PLO as well as Jordan, Egypt, Kuwait, and Saudi Arabia; and critics of radical regimes, particularly Libyans, who are targeted by their own governments.

While the Middle East might be the source of most terrorism, Europe is the location of the largest number of incidents, ranging from 36% to 53% of the total during each of the past 5 years. Nearly 25% of these incidents, however, are of Middle Eastern origin. Indigenous European terrorists consist of:

- Elements of ethnic groups, such as Corsicans, Basques, Croats, and Armenians, which have been fighting for autonomy or to redress reputed grievances; in particular, the Armenian groups which have waged a deadly and relentless campaign, both here in the United States and in Europe, against Turkish interests in an effort to establish an Armenian state.

- Leftist groups such as the Red Brigades in Italy, Direct Action in France, Red Army Faction in Germany, the CCC [French acronym for Fighting Communist Cells] in Belgium, Grapo in Spain, and November 17 in Greece.

- Special note should be made of the Provisional Irish Republican Army, the PIRA, which is both ethnic and leftist. It is the most deadly of all European groups, having killed some 50 people in 1984. This group should be distinguished from the IRA of earlier days.

For many years these groups pursued their separate targets independent of each other, but a new phenomenon developed during late 1984 among some of the European leftist groups. Aside from an apparent increase in mutual logistical and propaganda support, groups in Germany, Belgium, and France all attacked NATO-related targets over a period of several months. This resurgence accounted for most of the increase in the total number of incidents in Europe during the past year. There was a lull at the end of the hunger strike by jailed terrorists in Germany, followed by a rash of incidents preceding the annual summit meeting in Bonn. Experts expect that we will see similar outbreaks during future months.

Latin America is the third great center of terrorist incidents, accounting for approximately 20% of the events worldwide. Social, economic, and political turmoil have served to prolong existing patterns of insurgency, which have assumed terrorist dimensions in some countries—particularly Colombia, El Salvador, Guatemala, and Peru. There has been some spillover into Latin America from terrorism in the Middle East and Europe, particularly Iran and Libya. Cuba and Nicaragua provide the strongest encouragement and direct support for terrorist activities in other Latin American countries, particularly those with insurgency situations. They, of course, receive support from the Soviet bloc. In addition, Italian and possibly other leftist terrorists have found refuge in Nicaragua.

U.S. Actions

What is the United States doing to defend itself and its citizens abroad, unilaterally and in cooperation with other governments? Has this been, will it be successful? Given the current preoccupation with the use of force to counter terrorism and the controversy over the lack of U.S. military retaliation to terrorist acts, it may surprise you to learn that there have been successes.

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We have identified over 90 planned attacks upon U.S. citizens or facilities abroad during the past year which we are satisfied have been preempted by improved intelligence, stronger security, and cooperation from other governments. There are unconfirmed reports of additional incidents which may have been planned against the United States, but they are not counted because we are uncertain of their validity. There are undoubtedly other incidents of which we are completely unaware. But only terrorist successes receive public attention, leaving the impression that they are all powerful and always successful. Obviously we cannot divulge too much about our successes and about where and why the terrorists failed. This would give the enemy our game plan and the means to overcome our defenses. However, there are several illustrative incidents from the 90 successful cases which can be cited:

- Last fall, the Italian Government prevented a group of Shi'a terrorists from blowing up our Embassy in Rome and arrested the terrorists.
- Our Ambassador and Embassy in Colombia avoided several specific terrorist attacks, including a bomb attack which was stopped short of the Embassy and several bombs destined for U.S. business concerns.
- We have preempted several specific plans to bomb the Embassy residence in Beirut and assassinate or kidnap the Ambassador and other senior officials.
- We detected and defused a large car bomb which would have caused dozens of casualties at a U.S. and NATO training facility in Oberammergau, West Germany.
- The United Kingdom avoided a series of Brighton-type bombings and arrested 14 IRA terrorists in June.

To improve security of diplomatic installations, a new approach was set in motion after the 1983 bombings in Beirut and funded by Congress last fall. Some \$55 million has been spent to enhance physical and operational security of our diplomatic posts abroad in the past year. In fiscal years (FY) 1986 and 1987, budget requests for overall security resources total \$391 million and \$331 million respectively. The number of professional State Department security officers abroad will double during the 1985-86 period and the Marine security guard complement has been augmented. Seventy major perimeter security enhancement projects are scheduled for FY 85-86, and a dozen new Embassies

are being built to replace those in high-threat countries which are far below acceptable standards. New turnkey procedures involving joint action by the Department of State and private business have been adopted in order to cut completion time to one-third of what it once was.

The Inman panel, headed by Admiral Robert Inman, the former Deputy Director of the CIA, recently proposed a large expansion of the Embassy security program. For the 1986 fiscal year, six specific areas are highlighted for increased security enhancement. These are:

- Construction, relocation, and renovation of scores of buildings that will meet new physical and technical security standards;
- Residential security (to include guard services and field support);
- Perimeter security program;
- Technical countermeasures and counterintelligence programs;
- Foreign Service security training (security training development, overseas guard and post security officer, general security, Federal law enforcement, coping with violence abroad, and firearms and evasive driving); and
- Protective security resources, additional personnel.

Other Developments

It is important to note that in counter-ing terrorism abroad the United States is limited in what it can do alone because we must rely very heavily upon the cooperation of foreign governments who control the countries from which the terrorists come and those in which they operate. We are working hard to increase this cooperation and have made progress. But much more remains to be done.

- The recent series of hijackings, aircraft and airport bombings, as well as the attacks against targets in Western Europe associated with the NATO alliance, has spurred moves toward greater cooperation with our European allies. We are working with friendly countries in Europe and elsewhere to improve sharing of information and techniques in dealing with terrorists.
- In Latin America, progress has also been made, although the travel threat remains very high. For example, during the past year, a coordinated interagency counterterrorist program in Colombia has helped that government regain the initiative from the terrorists and narcotics traffickers.

We will soon be requesting funds urgently for a similar but larger Administration counterterrorism program for Central America. The threat there is becoming more serious. For example, in El Salvador, the guerrillas and terrorists have decided to move into the cities, reacting to successes of U.S.-supported counterinsurgency programs in rural areas. As the assassinations of the American marines and the kidnapping of President Duarte's daughter have indicated, the same trend is likely to continue. This means that the police, who have been getting almost no assistance and are in poor shape, must bear the burden of defending their governments—and U.S. personnel—from terrorist attack. It is essential that Congress act to approve the Administration request for carefully controlled counterterrorist assistance to Central American police forces, administered by the State Department and coordinated with military programs administered by the Defense Department.

- In the Middle East, we will continue our efforts to release the seven Americans still held hostage by Iranian-supported Shi'a terrorists. We will also continue to work with Israel, Jordan, Egypt, and the moderate states of the gulf in opposing terrorism as well as helping them face the threat of conventional attack instigated by Libya, Iran, or Syria. We will not change our policies, give up on the peace process, or be driven out of the region, despite the threats to U.S. facilities and citizens.

- In the civil aviation field, the Departments of State and Transportation have taken several important steps, unilaterally and with other governments, to improve security. These include air marshalls, better security screening at U.S. airports and for U.S. airlines abroad, and pressure on other governments to tighten their own security. We are also providing training and technical assistance to some 20 governments in this field. We will not hesitate to act, as we did with Greece and Lebanon, where foreign governments refuse to provide adequate security.

Training Cooperation

Since most terrorism takes place abroad, it is obvious that cooperation with other governments is extremely important in combating this menace. We work on this in many different ways, from publicized, top-level meetings between chiefs of state to unpublicized

liaison contacts between the CIA [Central Intelligence Agency] and FBI and services of other governments. The Anti-Terrorism Assistance (ATA) Program has been in operation for only 16 months but is paying big dividends in improved cooperation and support from foreign governments. In the past year we have held high-level, interagency policy consultations on how better to combat terrorism and how to improve bilateral cooperation with a range of governments such as the United Kingdom, Italy, Israel, Egypt, Turkey, Greece, Colombia, Honduras, and Denmark. India, Pakistan, the Netherlands, and France are among those planning to participate. The ATA Program provides training for foreign, civilian law enforcement agencies, focusing upon such fields as civil aviation and airport security, bomb detection and disposal, and hostage negotiation and rescue. Metropolitan police forces in such cities as New York, Los Angeles, Boston, Washington, D.C., Miami, and Chicago have participated, as well as numerous law enforcement organizations. By January 1, 1986, the program will have had almost 2,000 participants from 32 countries.

We also are increasing cooperation with American businesses operating overseas. The Threat Analysis Group of the Office of Security in Washington and the regional security officers at posts overseas encourage contact with the private sector on security issues. The Secretary announced in February the formation of the Overseas Security Advisory Council. It is now operating to bring public sector and private sector officials together to exchange information on security issues and make recommendations for closer operational cooperation.

We continue to explore and develop a number of other multilateral, bilateral, and unilateral options, including the potential use of military force. Secretary of State Shultz has been foremost among those who have said that we need to consider the use of military tools when appropriate. Each terrorist event presents a different situation, however; and while our military forces have been in a high state of readiness in recent crises, the situation has not been appropriate to their actual employment. We must be and we are willing to use force, carefully, if the circumstances call for it.

Although sometimes the media seems to assume that the use of U.S. military force for retaliation is the only means to fight terrorists, this is usually

not the case. We and other governments have made preventive strikes through police action—arresting terrorists before they can attack, as was done in Rome. And as we recently saw in El Salvador, where effective action has been taken against some of those responsible for killing American servicemen and civilians in June, military action does not necessarily require the use of American forces. That is one reason why we place so much emphasis upon military and police training and assistance programs for other countries and on closer intelligence and law enforcement cooperation with them.

Conclusion

This overview is by no means the complete story of international terrorism. Books have been written on this subject, and more will be. The same goes for TV. But, I hope it has been useful. On closing, it is important to keep a few things clearly in mind.

The United States must not take a defeatist attitude toward international terrorism. We can make and are making progress. But it will be long and difficult; it takes a great deal of effort and requires cooperation by other nations; and there will be occasional incidents, because the United States is the number one target.

It also is costly. There are the costs of improving the physical security of our Embassies and other installations overseas. Private business must also increase expenditures for security, at home and abroad. Using economic pressures or not shipping arms has an impact on governments such as Libya and Iran and others who support terrorism, although it may result in financial pain to individual companies who hope to make lucrative sales.

But we must not and will not retreat, close our military bases, abandon our businesses, change our policies, let down our allies, because of terrorist threats and attacks. That would be much more costly, economically as well as in political and strategic coin. It would also lead to still more terrorism.

Terrorism, as many experts have said, is a form of low-intensity warfare. It is not an easy one to fight. There are no magic weapons—there are no quick fixes. However, I assure you that we are in the struggle for the duration. With your support and that of other sectors of the American public, we will continue to make progress, and the chances for still more success will continue to improve. ■

Terrorists Arrested in El Salvador

Following is the text of President Reagan's letter to El Salvador's President Jose Napoleon Duarte of August 29, 1985.¹

Dear Mr. President:

I was gratified to hear from you of the important accomplishments of your government's ongoing investigation of the murder of thirteen persons, including American and Salvadoran citizens, in a brutal raid in San Salvador on June 19, 1985. I congratulate you on the speed and professionalism of the arrest of William Celio Rivas Bolanos, Juan Miguel Garcia Melendez, and Jose Abraham Dimas Aguilar. On behalf of the victims' families and the United States, I personally thank all involved.

Terrorism is the antithesis of democracy. By brutal acts against innocent persons, terrorists seek to exaggerate their strength and undermine confidence in responsible government, publicize their cause, intimidate the populace, and pressure national leaders to accede to demands conceived in violence. Where democracy seeks to consult the common man on the governance of his nation, terrorism makes war on the common man, repudiating in bloody terms the concept of government by the people.

I am proud that the Special Investigative Unit, which we in the U.S. worked with you to develop, is playing an active role in the investigation. I shortly will be consulting with Congress to find new ways to assist Central American nations in their laudable efforts to overcome the scourge of terrorism. I hope that, with the support of the Congress, we can help police and military units to respond consistently with the maturity, professionalism, and respect for the law shown by your police in this case. We must not compromise with criminals. Appeasement only invites renewed attack. Terrorists merit only swift, certain justice under the rule of law.

The people of El Salvador and the people of the United States stand together against terrorism. Each defeat for the terrorist makes the world safer and more just for everyone.

Sincerely,

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of Sept. 2, 1985. ■

The U.S. and the United Nations

by Vernon A. Walters

*Statement before the Subcommittees on Human Rights and International Organizations and on International Operations of the House Foreign Affairs Committee on September 18, 1985. Ambassador Walters is U.S. Permanent Representative to the United Nations.*¹

It gives me very great pleasure to be here with you this morning in what is my first appearance before a congressional committee as the U.S. Ambassador to the United Nations. It seems to be particularly fitting that your two subcommittees hold this joint session now—the day after the formal opening of the 40th General Assembly of the United Nations—in order to consider where the United Nations is going, where it should be going, and what the role of the United States in the United Nations ought to be. I expect to be engaging in many discussions of this nature during the forthcoming General Assembly session, so the advice I receive from members of these two subcommittees today will be of great help to me. I am particularly pleased that Chairman [of the Subcommittee on International Operations Daniel] Mica and Congressman [Gerald B.] Solomon will be members of our delegation at the United Nations this fall.

The UN's Role and Effectiveness

In his 1985 report on the work of the United Nations issued just 2 weeks ago, Secretary General Perez de Cuellar had this to say:

... we must also consider the many precarious balances of the claims and ambitions of nations; the unresolved disputes we carry with us into the future; the many smoldering conflicts of ideas, beliefs and interests in the world; the dizzy pace of the technological revolution both in production and in weapons; the widening gulf between abundance and absolute poverty; the web of economic ties which locks all parts of the world together; and the steadily increasing dangers of deep harm to the biosphere on which life depends. Such a list—and it could easily be made longer—makes it clear that international cooperation, however complex and difficult to organize, is not a choice for the nations of the world, but a necessity.

But in the very next sentence of his report, the Secretary General goes on to say:

However, if the United Nations is fully to play the role I have indicated in the development of the international system, it has to become a more effective institution.

I think that both halves of this statement by the UN Secretary General are true. The United Nations is essential to us. But if the United Nations is to function as it should, if it is to play the role it should play, it must become a more effective institution.

The General Assembly

We should not forget just how important the United Nations is to us as a people and a nation. Even though we may be distracted from time to time by what goes on in the General Assembly—and what goes on there sometimes is far from pretty—we need to remember that the General Assembly is not all there is and that the totality of the organization is far larger and far more complex. The United Nations is also the Security Council with its peacekeeping mission. It is the World Health Organization, which essentially has eliminated smallpox from the planet. It is the work of the High Commissioner for Refugees in caring for more than 10 million refugees around the world—a figure which is twice the population of Israel and Jordan combined. It is the work of UNICEF [UN Children's Fund] saving the lives of children and the role of the International Atomic Energy Agency as a watchdog against nuclear weapons proliferation.

Some have suggested that the General Assembly, in fact, may be the price we have to pay for the rest of the organization. I would not go that far. I think the United Nations has to remain a place where nations of a billion and nations of a hundred thousand can come together to express their opinions and their grief and maybe even their outrage—even if we in this country may not always agree. But I also think that the General Assembly can be and should be a place of more responsible debate, more impartial and more informed debate, and I think it is our business to work to make it so.

In recent years, thanks in large part to the outstanding efforts of my predecessor, Dr. Kirkpatrick, we have seen some very encouraging demonstrations of the General Assembly's willingness to deal with political reality in keeping with the spirit of the Charter. I refer to the approval by overwhelming majorities of resolutions calling for the withdrawal of foreign troops from Cambodia and the end of foreign occupation of Afghanistan. I also refer to the rejection by the General Assembly of the outrageous Cuban effort to designate as a colonial territory Puerto Rico, whose citizens enjoy freedoms—including the right to determine their own political leadership—that Fidel Castro and his Soviet masters have not permitted the unfortunate people of Cuba. I refer particularly to our success at the last session of the General Assembly in repulsing attempts to charge us with actions we have never committed. I will have more to say about name-calling in a few minutes.

I think the General Assembly can and should aim at economic ideas more meaningful than the ritualistic assertion that if poverty exists anywhere in the world it is due to the evil machinations of the industrialized West. It should understand that slogans are not solutions and that difficult, protracted problems probably will require complex and sustained efforts at solution and, in any case, are not likely to be solved by excluding from the discussion all the parties to the problem.

There is another aspect of General Assembly behavior I particularly want to point out, and that is the practice of scapegoating—what my colleague, the French Ambassador, refers to as “le name-calling.” Over the years, there has grown up the nasty habit of singling out the United States for special condemnation in resolutions. It is a transparent ploy promoted by the Soviet Union and its henchmen, and they usually throw Israel in with the United States in order to attract Arab votes.

This vituperation is a departure from normal UN behavior—for example, the resolution which the General Assembly adopts each year on the situation in Afghanistan always calls for the removal of “foreign troops” without mentioning that they are Soviet troops, and the one it adopts on Cambodia similarly does not mention that the foreign troops there are Vietnamese. Moreover, this name-calling almost always lacks any basis in

fact. One of these resolutions, for instance, accuses the United States of helping South Africa to develop nuclear weapons. As you, the lawmakers of the nation, know better than anyone else, under American law that would be a felony.

Another example is the resolution which accuses the United States of selling arms to South Africa in defiance of the UN embargo. In point of fact, our own U.S. embargo on weapons sales to South Africa went into effect during the Kennedy Administration, 7 years before the UN's first embargo, and the terms of our embargo were and remain more restrictive.

Last year, we were successful for the first time in eliminating this kind of lynch language from General Assembly resolutions. It continues to be the number one priority with me, and I can assure you that as the U.S. representative in the United Nations, I will reply, and reply sharply, to attacks on the United States. But I also want to say, as one who has visited 108 countries in the last 4 years and logged a million and a half miles in doing so—and, in fact, as having just 2 weeks ago returned from a trip to a dozen countries precisely to consult on UN-related matters—that there is enormous good will for the United States out there. We need to do a bit more to explain our case and our positions in the nonaligned countries and the Third World generally and try to make sure they understand. In the General Assembly, as elsewhere in the United Nations, we need to do the hard, laborious, day-in and day-out work of building the coalitions that bring success, just as you gentlemen and ladies do here on the Hill.

The Security Council

Let me say a few words about the Security Council—the organ of the United Nations which, under the Charter, has unique responsibility for the maintenance of international peace and security and for the pacific settlement of disputes. A few moments ago I quoted from Secretary General Perez de Cuellar's 1985 report. Here is what he had to say a year earlier about the work of the Security Council.

In recent years the collective capacity and influence of the Security Council have been insufficiently tested. There are important issues where the members of the Council, including the permanent members, hold substantially similar views. And yet other factors not directly related to those problems

inhibit the Council from exerting collective influence as envisaged in the Charter.

The same consideration applies to peacekeeping. We are often urged to strengthen the peacekeeping capacity of the United Nations, the implication being that this is a matter that can be handled without regard to the political relations of Member States and particularly of members of the Security Council. A number of lessons have been learned recently about the nature of peacekeeping, but it is essential to re-emphasize the fundamental issue. Peacekeeping is an expression of international political consensus and will. If that consensus or will is weak, uncertain, divided or indecisive, peacekeeping operations will be correspondingly weakened.

I think we certainly can agree with this analysis. The Security Council is not something above and beyond its membership. It is and will be what its members make of it. In this connection, it seems to me that a major contributor to an ineffective Security Council is the tendency on the part of some, especially on the part of the Soviet bloc and some others as well, to try to turn the Security Council into a miniature version of the General Assembly. So that when a dispute is brought, instead of calm and reasoned discussion by the Council's 15 members after having heard the views of the immediate parties to that dispute, for the past few years we instead have

had a procession of speakers—perhaps 30 or 40 in all—who vie with each other in excoriating, in terms of the most extravagant abuse, one of the parties. And all this in the name of conciliation and pacific settlement.

In such a situation, subregional disputes easily become regional, and regional ones become global. As political scientists have pointed out:

Use of the United Nations is a barometer of the hostility existing between nations. Nations interested in reaching agreement almost always ignore or avoid the UN. Bringing an issue to the UN is likely to be regarded as a hostile act.

I think the analysis is correct and certainly worth pondering. How can the United Nations be, in the words of the Charter, "a center for harmonizing the actions of nations," when bringing an issue to the UN Security Council has been a procedure so misused over the years that it is widely perceived as a hostile act? How can the Security Council function as a body for peacemaking or conciliation under those circumstances?

Evolution of the UN

Over the years, the United Nations has evolved in interesting ways. I'm



Vernon A. Walters was born January 3, 1917, in New York City. He attended St. Louis Gonzaga School in Paris, France, and Stonyhurst College in Great Britain and has received honorary degrees from several universities.

Ambassador Walters served in the U.S. Army from 1941-76, when he retired with the rank of Lieutenant General. In the course of his military career, he served as special aide and interpreter to U.S. general officers, senior diplomats, and to Presidents Truman, Eisenhower, and Nixon on their foreign travels. In 1972 Gen. Walters was named Deputy Director of the Central Intelligence Agency where he served for 4½ years, including a 5-month period as Acting Director. Following his retirement, he was a consultant, lecturer, and author from 1976-81. His memoirs, *Silent Missions*, were published by Doubleday in 1978. His other writings include *Sunset at Saigon*, *The Mighty and the Meek*, and many articles and book reviews.

Prior to his appointment to the U.S. Mission to the United Nations, Ambassador Walters served as senior adviser to former Secretary of State Alexander Haig until his nomination by the President to serve as Ambassador at Large, a position he held from 1981-85. In this capacity he traveled to more than 108 countries as the Reagan Administration's chief diplomatic troubleshooter.

Ambassador Walters is fluent in seven foreign languages: French, Portuguese, Spanish, Italian, German, Dutch, and Russian. He is also the recipient of many honors and distinguished service awards, including the U.S. National Security Medal; the Distinguished Service Medal (two oak leaf clusters); the Legion of Merit (oak leaf cluster); the Bronze Star; the Air Medal; the Distinguished Intelligence Medal; and many campaign medals. He has been decorated by the Governments of France (Legion of Honor), Italy, Brazil, South Vietnam, Spain, Portugal, Morocco, and Peru.

Ambassador Walters was sworn in as U.S. Permanent Representative to the United Nations on May 22, 1985. As chief U.S. representative to the United Nations, he also serves as a member of the President's Cabinet. ■

tempted to say strange ways. On the one hand, we have the world of the UN's technical bodies and specialized agencies—the world I spoke of before when I mentioned the World Health Organization and the elimination of smallpox. This constellation of activities and agencies has worked marvelously well, and we should acknowledge that it has. I think no one could have predicted in 1945 just how well it has worked.

On the other hand, we have main organs of the United Nations like the Security Council, which works half-well, and the General Assembly, which is something of a disappointment. If I were asked what particular thing I hope to accomplish during my tenure as your man in the United Nations, I would say I hope to improve the functioning of the General Assembly and the U.S. role in

it. But, above all things, what I would like to do, and what I think needs desperately to be done, is to return the Security Council to the functions given it in the Charter. It is not a court of law, and it certainly should cease to be a theater for psychodrama. It must become precisely the place where disputes among nations can be brought in the expectation of reasonable solutions.

I will work with all my strength to achieve that result—to increase the number of my country's friends and to diminish the number of its enemies.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Department Releases Report on Sandinista Intervention in Central America

Following is the summary of a report released by the Department of State on September 13, 1985.

Introduction

The issue in the debate over Central America is not whether outside support for irregular forces fighting their government is legal or not; both the United States and Nicaragua agree that it is a use of force legally identical to open use of regular armed forces. The key issue is whether that use of force is an unlawful act of aggression or a legitimate response in collective self-defense.

Often overlooked in the debate over U.S. policy toward Nicaragua is the fundamentally important fact that the Sandinistas began to intervene in El Salvador, Honduras, and Costa Rica within a year of entering the Nicaraguan Government in July 1979 and that they have actively continued that aggression to the present. In an effort to sustain its carefully fostered image as an innocent and aggrieved victim of unprovoked aggression, Nicaragua denies that it has ever intervened in neighboring countries by supporting antigovernment rebels. (In the case now before the World Court, for example, Nicaragua submitted a sworn statement by Foreign Minister

D'Escoto that "my country is not engaged, and has not been engaged, in the provision of arms or other supplies to either of the factions engaged in the civil war in El Salvador.")

The facts, however, show Nicaragua's solemn denials to be untrue. As the Congress has found, the Government of Nicaragua "has committed and refused to cease aggression in the form of armed subversion against its neighbors." (PL 99-83) By the same token, the Sandinistas' claim that U.S. actions, including support for the democratic resistance, constitute aggression against Nicaragua stands the facts on their head. It is Nicaragua, and not the United States and its friends, that committed the aggression that led directly to the actions of which the Sandinistas now complain. And it is the United States and its friends, and not Nicaragua, which are acting in lawful self-defense in countering the Sandinistas' subversion and intimidation.

The United States initially made strong efforts to forge a friendly relationship with Nicaragua after Somoza's ouster, then undertook, by a series of diplomatic efforts directed at inducing the Sandinistas, to halt their policies of subversion and intimidation. Only as those initiatives proved ineffectual did the United States begin, as a means of

countering Sandinista actions, to provide limited support to groups engaged in armed resistance to the Sandinista regime. The United States has made clear that in its view, the Contadora 21 objectives create a framework for the resolution of the conflict in Central America that, if fully implemented, would satisfy all U.S. concerns.

Nicaragua's Interventions Against Its Neighbors

The 6-year record of Sandinista behavior, based on many sources (statements of Sandinista officials and defectors, Salvadoran guerrilla defectors, captured documents, physical evidence, intelligence observations, and other evidence), demonstrates several things.

- In mid-1980, the Sandinistas began major assistance to guerrillas aiming at the overthrow of the Government of El Salvador in a "final offensive." Support from Nicaragua and other states operating through Nicaragua transformed the guerrillas from terrorist bands into a major military force able to mount a nationwide offensive. Since the failure of that offensive in 1981, continued Nicaraguan provision of arms, command and control, and logistical assistance has enabled the guerrilla war to continue despite the rejection of the guerrillas by the people. Their policy of "prolonged war" has resulted in thousands of deaths and over \$1 billion in direct economic damage to El Salvador.

- The Sandinistas have directly and through local groups in Honduras and Costa Rica engaged in bombings, assassinations, and other attacks against those nations. In Honduras they have attempted to initiate a guerrilla war. They have used Costa Rica as a channel for unlawful assistance to the Salvadoran rebels and have supported terrorist actions in Costa Rica.

- To shield themselves from reprisals for their aggressions, the Sandinistas initiated a massive military buildup beginning in 1979. By mid-1981, a year before the Sandinistas allege any significant military threat came from the resistance, Nicaragua's regular armed forces were already two or three times larger than Somoza's National Guard.

Nicaragua's actions reflect the commitment of the Sandinista front to "revolutionary internationalism." Soon after taking power, the Sandinistas began active contact with Central American "vanguard" groups. With

substantial Cuban assistance, they helped unify guerrilla groups in El Salvador, Honduras, and Guatemala; provision, train, direct, and advise guerrillas in El Salvador; insert guerrilla groups into Honduras; and sustain radical antidemocratic parties, and associated armed elements, in Costa Rica.

In El Salvador, the FSLN's [Sandinista National Liberation Front] first strategy was to help the FMLN [Farabundo Marti National Liberation Front] repeat the pattern of their own final military offensive against Somoza. When that failed, the FSLN-FMLN alliance shifted to a destructive "prolonged war" of attrition against El Salvador's economy, political system, and institutions. Once previously fragmented Salvadoran guerrilla factions joined in a unified military structure, the Sandinistas redirected their original Costa Rican network to provide arms to the Salvadorans. This was followed by FSLN offers of a secure headquarters, material contributions, and an undertaking to assume "the cause of El Salvador as its own." By late 1980, Nicaragua was at the hub of a flow of hundreds of tons of weapons from the Soviet bloc to El Salvador, serving both as warehouse and as staging point for insertion by air, land, and sea routes. By January 1981, the rebels were armed with modern weapons, including M-16s drawn from stocks left behind by the United States in Vietnam.

The nationwide "final offensive" was defeated, but the war continued and expanded through 1983. With the institution of political reforms, the popularity of the elected Duarte government, and the increasing professionalization and effectiveness of the Salvadoran Armed Forces, the popular appeal of the FMLN declined sharply. Continued Sandinista supply, however, enabled the FMLN to continue a war of attrition designed to make the country ungovernable. As of mid-1985, Sandinista support for the FMLN's "prolonged war" continues to include military training in Nicaragua (and assistance to travel to Cuba for more sophisticated training), headquarters and command-and-control support, and provision of arms, ammunition, and logistical support.

Initially Honduras' role in the Sandinista scheme was to serve as a quiet transit route for arms and other supplies from Nicaragua to El Salvador and Guatemala. By 1981, however, active support was being provided to

"vanguard" groups. The FSLN-supported "Cinchonero" group conducted a number of terrorist actions, some directly connected with Nicaragua in 1981 and 1982. In 1983 and again in 1984, the Sandinistas infiltrated Honduran guerrilla groups into the Provinces of Olancho and El Paraiso in an attempt to initiate armed activity against the government; both efforts were foiled. In 1985 members of the Nicaraguan Security Service were captured in the same area attempting to smuggle weapons. The Sandinista armed forces have conducted innumerable border crossings over 6 years, by 1985 including mortar and artillery attacks as well as the mining of Honduran roads.

Costa Rica provided crucial support for the Sandinista campaigns against Somoza. In the process of aiding the insurrection, however, democratic Costa Rica unwittingly permitted development of a clandestine arms-trafficking network, later used to assist the FMLN. Participation by members of radical parties in the FSLN war against Somoza was followed by establishment of a "vanguard" brigade of Costa Ricans operating to this day with the Sandinista army on the Costa Rican-Nicaraguan border. From 1981 Sandinista-sponsored terrorism became persistent, leading in 1981 and 1982 to expulsions from Costa Rica of Nicaraguan, Soviet, and Eastern bloc diplomats involved in those activities. The Sandinistas have carried out several attempted assassinations of Nicaraguan opposition leaders in Costa Rica and have conducted frequent cross-border raids and attacks, including shelling and bombing. One such raid this year led to the death of two members of the small police guard which is Costa Rica's only security force.

The evidence speaks for itself. Despite Sandinista protestations, the record is clear that they had engaged in massive armed intervention in the neighboring states well before they allege that the United States or the other Central American states undertook action against them.

The Collective Response

The international community hoped for the best when in July 1979 the junta of the Government of National Reconstruction assumed power on a program of pluralism, nonalignment, and a mixed economy and provided massive support to assist it. The United States was the largest single contributor. In El

Salvador, a reformist junta began a program of social reform; Honduras too began a return to electoral democracy. By mid-1980, however, fragmentary intelligence reports indicated that Nicaragua had begun to supply the Salvadoran rebels. U.S. diplomatic efforts to halt that material support were met with denials of such involvement. Despite doubts, President Carter released aid provided in a special appropriation to assist Nicaraguan recovery.

Clear Sandinista involvement in the "final offensive," which aimed at creating a *fait accompli* in El Salvador before the inauguration of President Reagan, led to a Carter Administration decision to provide military assistance to El Salvador and an informal suspension of U.S. aid to Nicaragua. While assisting Nicaragua's neighbors in their programs of social and political reform and defense modernization and professionalization, the United States also intensified diplomatic efforts to persuade the Sandinistas to cease their interference in neighboring countries. In early 1981, the United States presented Nicaragua with evidence that their previous denials of support for the FMLN had been false and made clear that failure to stop their aggression would result in a cut-off of assistance. Despite renewed denials, intelligence confirmed that assistance continued. Upon expiration of a 30-day period designed to give the Sandinistas a "way out" by ceasing such support, the United States finally cut off assistance as required by law. Subsequent repeated U.S. bilateral efforts directed at halting Sandinista aggression were met with refusals to acknowledge, much less address, their attacks on their neighbors.

With steady political and military progress in El Salvador, the focus of U.S. policy on Central America shifted more and more to Nicaragua. A consensus formed that Sandinista intervention

Copies of the Report

Free single copies of this 52-page report—titled "Revolution Beyond Our Borders: Sandinista Intervention in Central America" (Special Report #132)—are available from the Correspondence Management Division, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

in its neighbors' affairs was a fundamentally destabilizing factor in Central American affairs and that this "internationalist" intervention was intimately related to the Sandinista military buildup, ties with Cuba and the Soviet Union, and expanding repression of the domestic opposition. By 1982 the United States began to provide assistance to the armed opposition in an effort to counter Nicaraguan aggression more directly.

A similar consensus began to emerge in other countries as well. Multilateral efforts directed at achieving a lasting Central American peace by comprehensively addressing the social, economic, political, and security problems of the region began in 1982 with the San Jose declaration and continued with the initiation in 1983 of the Contadora mediation effort of Colombia, Mexico, Panama, and Venezuela.

The Contadora process achieved, by September 1983, formal agreement by all five Central American countries—including Nicaragua—on 21 social, political, economic, and security objectives to be negotiated and embodied in a comprehensive Central American treaty. The Contadora mediators presented a draft treaty in September 1984; negotiations since that date have focused on developing its provisions on verification and ensuring that the obligations which fall on Nicaragua come into effect no later than those which fall on its neighbors. The issue should no longer be the legitimacy of the agreed objectives but rather the development of concrete arrangements to implement them.

Nicaragua's initial resistance to any participation in Contadora was followed by a more subtle policy of attempting to pursue issues of interest to the Sandinistas while thwarting progress on other issues. While paying lip service to Contadora, it has repeatedly offered "peace initiatives" inconsistent with the Contadora approach. Those plans have been bilateral rather than multilateral and uniformly address only those security issues in which the Sandinistas have an interest, while studiously avoiding the broader issues of democratization and Sandinista militarization. Nicaragua similarly has attempted to avoid responding seriously to the concern of its neighbors—in light of the Sandinistas' record of failure to comply with its promises to the Organization of American States (OAS) and its persistent denial of any involvement in subversion beyond its borders—that adequate verification of

any commitments entered into in a comprehensive treaty be ensured.

The United States has supported these multilateral negotiations, implementation of the goals of which would fully achieve U.S. objectives in Central America. At Contadora request, the United States initiated a series of bilateral discussions with Nicaragua in Manzanillo, Mexico, with the agreed objective of promoting the Contadora process. The U.S. objective was to reach bilateral understandings that, channeled into that process, would facilitate conclusion of a comprehensive Contadora agreement. The talks were suspended when it became apparent that agreement would be possible only if the United States accepted the Nicaraguan position that the September 7, 1984, draft should be left unchanged, without addressing the concerns of Nicaragua's neighbors about verification and simultaneity, or if the United States was willing to jettison Contadora entirely and enter into bilateral agreements which addressed only certain security issues.

By September 1985, El Salvador had made significant progress in the political, social, and military spheres, and the FMLN was sustained increasingly by Sandinista assistance alone. Honduras had weathered Sandinista attempts to foster terrorist and insurgent activities. Costa Rica, too, had survived efforts at destabilization and intimidation but had emerged fearing Sandinista Nicaragua far more than it had ever feared its long-time enemy Somoza.

The record shows the measured and gradual nature of the U.S. response, first in trying to develop a friendly relationship with Nicaragua, then in attempting, through diplomatic and economic pressure and support, for multilateral negotiations to stop Sandinista aggression. Finally the United States became more and more convinced that support for the democratic resistance was a necessary element in placing effective pressure on the Sandinistas to halt their policies of aggression, achieve internal reconciliation, and contribute to regional peace as envisaged in the Contadora 21-point Document of Objectives. ■

Nicaraguan Humanitarian Assistance Office Established

**PRESIDENT'S STATEMENT,
AUG. 30, 1985¹**

I have signed an Executive order which establishes the Nicaraguan Humanitarian Assistance Office. This office will administer the distribution of humanitarian assistance to the Nicaraguan democratic resistance as provided for in the International Security and Development Cooperation Act of 1985 and the Supplemental Appropriations Act, Fiscal Year 1985.

The democratic resistance in Nicaragua was born and has grown in response to the steady consolidation of a totalitarian and interventionist Marxist-Leninist regime in Nicaragua since 1979. Most of the members of the armed and unarmed opposition supported the overthrow of General Anastasio Somoza and expected that a democratic, pluralist government would follow. Very quickly, however, it became clear that the Sandinistas intended to make Nicaragua a one-party state. There would be no room for those who opposed the Sandinistas or who sought through

democratic elections to challenge the Sandinistas' right to absolute rule. There would be collaboration with Cuba and the Soviet bloc in assisting revolutionary groups seeking to subvert and overthrow the democratic governments of neighboring countries. The good will that had existed between the Sandinista front and the Nicaraguan people who had welcomed the new government soon began to crumble. Prominent leaders who served in the government after the revolution and who had led the opposition to Somoza fled the country and broke publicly with the Sandinista regime. By 1982 significant numbers of Nicaraguans were compelled to pursue the last resort for civil resistance of bearing arms against the government because there was no other choice. Their numbers have grown steadily. In recent months, with the resistance forces desperately short of weapons, ammunition, food, and supplies, volunteers kept coming. The resistance could not even provide boots, but people from all walks of life left their homes to join the cause. Tens of thousands of Nicaraguans

END NOTES

have gone to refugee camps in Costa Rica and Honduras rather than continue to live under the Sandinistas. Many of these people are poor, simple peasants—the very people the Sandinistas claim to be helping—yet under the Sandinistas they lost too much. They lost their individuality, they lost their freedom, they lost the opportunity to control their own destiny.

The \$27 million appropriated by the Congress for humanitarian assistance to the democratic resistance recognizes the serious nature of the conflict in Nicaragua and the desperate conditions which have forced people to choose armed opposition and the hard life of warfare and refugee camps over the controlled life offered by the Sandinistas. As Americans who believe in freedom, we cannot turn our backs on people who desire nothing more than the freedom we take for granted. By providing this humanitarian assistance, we are telling the people of Nicaragua that we will not abandon them in their struggle for freedom.

This Administration is determined to pursue political, not military solutions in Central America. Our policy is and has been to support the democratic center against extremes of right and left and to secure democracy and lasting peace through internal reconciliation and regional negotiations.

In El Salvador, the opening of the political system has led to impressive reconciliation and the beginning of a dialogue between President Duarte and the Salvadoran guerrillas.

In Nicaragua we support the united Nicaraguan opposition's call for a church-mediated dialogue accompanied by a cease-fire, to achieve national reconciliation and representative government. We oppose the sharing of power through military force, as the guerrillas in El Salvador have demanded; the Nicaraguan democratic opposition shares our view. They have not demanded the overthrow of the Sandinista government; they want only the right of free people to compete for power in free elections. By providing this humanitarian assistance, we help keep that hope for freedom alive.

As with any foreign assistance program, the mandate of the Nicaraguan Humanitarian Assistance Office will be carried out under the policy guidance of the Secretary of State. Program funds will be provided through the State Department, which will also be responsible for providing administrative services and facilities. Other agencies of the

U.S. Government will be able to provide advice, information, and personnel; however, by the terms of this Executive order, no personnel from the Central Intelligence Agency or the Department of Defense will be assigned or detailed to this office. I have ordered that the director of the Nicaraguan Humanitarian Assistance Office shall be an officer of the United States designated by the President, and the staff of the office shall be limited to 12 officials, plus support staff. The director will be responsible for assisting the President with reporting requirements, including the detailed accounting required by the law. Authority for this office will terminate on April 1, 1986, or when all the funds to be distributed are disbursed, whichever is later.²

I am proud to establish the Nicaraguan Humanitarian Assistance Office by this Executive order and to begin providing the humanitarian assistance needed to help those people who are fighting for democracy in Nicaragua. I value the support that Congress has shown for this important measure and will assure that the implementation of the program is fully in accord with the legislation the Congress has enacted.

¹Text from Weekly Compilation of Presidential Documents of Sept. 2, 1985.

²On Sept. 6, 1985, the President designated Ambassador Robert W. Duemling to be the director. ■

September 1985

The following are some of the significant official U.S. foreign policy actions and statements during the month that are not reported elsewhere in this periodical.

September 9-13

President Reagan meets with U.S. arms control delegation before its return to the third round of negotiations due to begin Sept. 19 in Geneva.

September 9

President Reagan meets with major NATO commanders and the NATO military committee.

September 12-13

Assistant Secretary Wolfowitz meets with Soviet Foreign Ministry officials in Moscow to exchange views on East Asian and Pacific issues. The meeting is the latest in a series of regional experts' discussions that U.S.-Soviet officials have held in recent months.

September 12

Assistant Secretary Abrams meets with six leaders of Chilean political groups at the State Department to review the development of the national accord for transition of a return to an elected government and full democracy in Chile.

September 13

U.S. successfully conducts its first air-launched miniature vehicle antisatellite (ASAT) test against a target satellite. Specific test results are classified.

Secretary of Agriculture Block announces the sale of 175,000 metric tons of subsidized wheat flour to Egypt for delivery in November and December.

September 14

Reverend Weir is released after 16 months of captivity in Lebanon. He was taken hostage in March 1984.

September 15

U.S. restricts travel of UN employees from the Soviet Union, Afghanistan, Iran, Cuba, Vietnam, and Libya. UN employees from these countries will be required to obtain U.S. approval for personal travel outside a 25-mile (40 kilometer) radius of midtown New York City and must submit a detailed itinerary showing routes, times, and means of travel 2 days in advance.

September 16-19

Under Secretary Armacost visits India and Pakistan to discuss a number of regional and international issues of mutual concern with government officials.

September 17

The following newly appointed ambassadors present their credentials to President Reagan: Frederick Rawdon Dalrymple (Australia), Eulogio Jose Santaella Ulloa (Dominican Republic), Edward A. Laing (Belize), Federico Vargas Peralta (Costa Rica), Padraic N. MacKernan (Ireland), and Hector Luisi (Uruguay).

September 19-20

Under Secretary Wallis meets with Japanese Deputy Prime Minister for Foreign Affairs Teshima to discuss all aspects of mutual economic interests.

September 19

Secretary Shultz meets with New Zealand Deputy Prime Minister Palmer to discuss the ship visit issue and other key issues.

September 25-26

U.S.-Vietnam delegations meet in Hanoi to discuss the recovery of remains of U.S. servicemen listed as missing in action.

September 25

Secretary Shultz meets with Soviet Foreign Minister Shevardnadze at the Soviet Mission to the United Nations in New York.

TREATIES

September 26

U.S., Japan, and Panama sign an agreement to establish an international commission to examine future inter-ocean transit uses of the Isthmus of Panama.

September 27

U.S. and Vietnamese officials meet in New York to discuss POW/MIA matters.

September 30

U.S.-Soviet delegations meet in Geneva for a special joint plenary meeting to allow the Soviet Union to present a counter-proposal to the negotiations on nuclear and space arms. ■

Current Actions

MULTILATERAL

Aviation

Convention on offenses and certain other acts committed on board aircraft. Done at Tokyo Sept. 14, 1963. Entered into force Dec. 4, 1969. TIAS 6768.

Accession deposited: Malaysia, Mar. 5, 1985.

Protocol relating to an amendment to the convention on international civil aviation (TIAS 1591). Done at Montreal Sept. 30, 1977.¹

Ratification deposited: India, Jan. 31, 1985.

Protocol relating to an amendment to the convention on international civil aviation (TIAS 1591). Done at Montreal Oct. 6, 1980.¹ Ratifications deposited: Switzerland, Feb. 21, 1985; Tunisia, Apr. 29, 1985.

Coffee

International coffee agreement, 1983, with annexes. Done at London Sept. 16, 1982. Entered into force provisionally Oct. 1, 1983. Definitive entry into force: Sept. 11, 1985. Ratification deposited: Brazil, Sept. 11, 1985.

Commodities—Common Fund

Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 27, 1980.¹ Ratification deposited: Germany, Fed. Rep., Aug. 15, 1985.

Conservation

Convention on international trade in endangered species of wild fauna and flora, with appendices. Done at Washington Mar. 3, 1973. Entered into force July 1, 1975. TIAS 8249. Accession deposited: Hungary, May 29, 1985.

Amendment to the convention of Mar. 3, 1973 on international trade in endangered species of wild fauna and flora (TIAS 8249). Adopted at Gaborone Apr. 30, 1983.¹

Acceptance deposited: Belgium, July 30, 1985.

Cultural Relations

Agreement on the importation of educational, scientific, and cultural materials. Done at Lake Success Nov. 22, 1950. Entered into force May 21, 1952; for the U.S. Nov. 2, 1966. TIAS 6129.

Protocol to the agreement on the importation of educational, scientific, and cultural materials of Nov. 22, 1950. (TIAS 6129). Adopted at Nairobi Nov. 26, 1976. Entered into force Jan. 2, 1982.² Accessions deposited: San Marino, July 30, 1985.

Customs

Convention establishing a Customs Cooperation Council, with annex. Done at Brussels Dec. 15, 1950. Entered into force Nov. 4, 1952; for the U.S. Nov. 5, 1970. TIAS 7063. Accession deposited: Nepal, July 22, 1985.

Financial Institutions

Articles of agreement of the International Monetary Fund, formulated at Bretton Woods Conference July 1-22, 1944. Entered into force Dec. 27, 1945. TIAS 1501.

Articles of agreement of the International Bank for Reconstruction and Development, formulated at Bretton Woods Conference July 1-22, 1944. Entered into force Dec. 27, 1945. TIAS 1502.

Signature and acceptances deposited: Tonga, Sept. 13, 1985.

Judicial Procedure

Additional protocol to the inter-American convention on letters rogatory, with annex. Done at Montevideo May 8, 1979. Entered into force June 14, 1980.² Ratification deposited: Paraguay, July 5, 1985.

Jute

International agreement on jute and jute products, 1982, with annexes. Done at Geneva Oct. 1, 1982. Entered into force provisionally Jan. 9, 1984. Acceptance deposited: U.S., Sept. 9, 1985.

Narcotic Drugs

Single convention on narcotic drugs. Done at New York Mar. 30, 1961. Entered into force Dec. 13, 1964; for the U.S. June 24, 1967. TIAS 6298.

Protocol amending the single convention on narcotic drugs, 1961. Done at Geneva Mar. 25, 1972. Entered into force Aug. 8, 1975. TIAS 8118.

Accessions deposited: China, Aug. 23, 1985.

Convention on psychotropic substances. Done at Vienna Feb. 21, 1971. Entered into force Aug. 16, 1976; for the U.S. July 15, 1980. TIAS 9725.

Accession deposited: China, Aug. 23, 1985.

Nuclear Weapons—Nonproliferation

Treaty on the nonproliferation of nuclear weapons. Done at Washington, London, and Moscow July 1, 1968. Entered into force Mar. 5, 1970. TIAS 6839.

Notification of succession deposited: Belize, Aug. 9, 1985.

Pollution

Convention for the protection of the ozone layer, with annexes. Done at Vienna Mar. 22, 1985.¹

Signature: Austria, Sept. 16, 1985.

Protocol to the convention on long-range transboundary pollution of Nov. 13, 1979 (TIAS 10541) concerning monitoring and evaluation of the long-range transmission of air pollutants in Europe (EMEP), with annex. Done at Geneva Sept. 28, 1984.¹ Ratification deposited: U.K., Aug. 12, 1985. Acceptance deposited: Ukrainian SSR, Aug. 30, 1985.

Rubber

International natural rubber agreement, 1979. Done at Geneva Oct. 6, 1979. Entered into force Apr. 15, 1982. TIAS 10379. Extension of the agreement: Until Oct. 22, 1987.

Terrorism

Convention on the prevention and punishment of crimes against internationally protected persons, including diplomatic agents. Adopted at New York Dec. 14, 1973. Entered into force Feb. 20, 1977. TIAS 8532. Accession deposited: Spain, Aug. 8, 1985.

Trade

Convention on transit trade of land-locked states. Done at New York July 8, 1965. Entered into force June 9, 1967; for the U.S. Nov. 28, 1968. TIAS 6592. Accession deposited: Senegal, Aug. 5, 1985.

Agreement on interpretation and application of articles VI, XVI, and XXIII of the general agreement on tariffs and trade (subsidies and countervailing duties code). Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9619.

Acceptances deposited: Indonesia, Mar. 4, 1985;² Israel, Aug. 15, 1985;³ Philippines, Mar. 15, 1985;³ Turkey, Feb. 1, 1985.³

Treaties

Vienna convention on the law of treaties, with annex. Done at Vienna May 23, 1969. Entered into force Jan. 27, 1980.² Ratification deposited: Liberia, Aug. 29, 1985.

Women

Convention on the elimination of all forms of discrimination against women. Adopted at New York Dec. 18, 1979. Entered into force Sept. 3, 1981.²

Ratifications deposited: Guinea-Bissau, Aug. 23, 1985; Mali, Sept. 10, 1985; Tanzania, Aug. 20, 1985.

BILATERAL**Bangladesh**

Agreement amending the agreement of Mar. 8, 1982, as amended, (TIAS 10483, 10642) for sales of agricultural commodities. Effected by exchange of letters at Dhaka Aug. 31, 1985. Entered into force Aug. 31, 1985.

Bolivia

Agreement amending the agreement of Feb. 4, 1985, for the sale of agricultural commodities. Effected by exchange of notes at La Paz Aug. 20, 1985. Entered into force Aug. 20, 1985.

Botswana

Agreement concerning the construction, operation, and maintenance of a Voice of America radio relay facility in Botswana, with appendix. Signed at Gaborone Sept. 5, 1985. Entered into force Sept. 5, 1985.

Brazil

Agreement relating to trade in cotton, wool, and manmade fiber textiles and textile products, with annexes. Effected by exchange of notes at Brasilia Aug. 7 and 29, 1985. Entered into force Aug. 29, 1985; effective Apr. 1, 1985.

Colombia

Agreement amending the investment agreement of Apr. 3, 1985. Effected by exchange of notes at Washington July 18 and Aug. 19, 1985. Entered into force Aug. 19, 1985.

El Salvador

Agreement amending the agreement of Nov. 1, 1984, as amended, for the sale of agricultural commodities. Effected by exchange of notes at San Salvador Aug. 8, 1985. Entered into force Aug. 8, 1985.

France

Amendment modifying the agreement of July 27, 1961 (TIAS 4867), for cooperation in the operation of atomic weapons systems for mutual defense purposes. Signed at Paris July 22, 1985. Enters into force on the date on which each government receives from the other written notification that it has complied with all statutory and constitutional requirements.

Guatemala

Agreement for sales of agricultural commodities, with memorandum of understanding. Signed at Guatemala June 6, 1985. Entered into force: Aug. 7, 1985.

Israel

Agreement on the establishment of a free trade area, with annexes, exchange of letters, and related letter. Signed at Washington Apr. 22, 1985.

Entered into force: Aug. 19, 1985

Memorandum of understanding concerning the installation, operation, and maintenance of a seismic station. Signed at Tel Aviv May 1, 1985. Entered into force May 1, 1985.

Japan

Agreement extending the agreement of May 1, 1980 (TIAS 9760), on cooperation in research and development in science and technology. Effected by exchange of notes at Washington Apr. 26, 1985. Entered into force Apr. 26, 1985.

Agreement concerning the furnishing of launch and associated services for Spacelab mission, with memorandum of understanding. Effected by exchange of notes at Washington Mar. 29, 1985. Entered into force Mar. 29, 1985.

Agreement relating to the reciprocal granting of authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country. Effected by exchange of notes at Tokyo Aug. 8, 1985. Entered into force Sept. 7, 1985.

Agreement concerning Japanese participation in the commission for the study of alternatives to the Panama Canal, with attachments. Effected by exchange of notes at New York Sept. 26, 1985. Entered into force Sept. 26, 1985.

Malaysia

Agreement amending agreement of July 1 and 11, 1985, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of notes at Kuala Lumpur Aug. 21 and 23, 1985. Entered into force Aug. 23, 1985.

Mauritania

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annex. Signed at Washington Aug. 14, 1985. Entered into force: Sept. 23, 1985.

Mexico

Agreement amending the agreement of May 17, 1984, relating to additional cooperative arrangements to curb the illegal traffic in narcotics. Effected by exchange of letters at Mexico July 24 and Aug. 20, 1985. Entered into force Aug. 20, 1985.

Morocco

Agreement amending the agreement of Feb. 19, 1985, as amended, for the sale of agricultural commodities. Signed at Rabat July 24, 1985. Entered into force July 24, 1985.

Panama

Agreement concerning establishment of the commission for the study of alternatives to the Panama Canal, with annex and related notes. Effected by exchange of notes at New York Sept. 26, 1985. Entered into force Sept. 26, 1985.

Philippines

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Manila July 29, 1985. Entered into force: Aug. 30, 1985.

Sudan

Agreement amending the agreement of Dec. 27, 1984, as amended, for the sales of agricultural commodities. Effected by exchange of notes at Khartoum Aug. 24, 1985. Entered into force Aug. 24, 1985.

U.S.S.R.

Agreement extending the agreement of Nov. 26, 1976, as amended and extended (TIAS 8528, 10531, 10532, 10696), concerning fisheries off the coasts of the United States. Effected by exchange of notes at Washington July 29 and Sept. 2, 1985. Enters into force following written notification of the completion of internal procedures of both governments.

United Kingdom

Agreement amending the agreement of July 23, 1977, as amended (TIAS 8641, 8965, 9722, 10059), concerning air services. Effected by exchange of notes at Washington May 3 and Aug. 9, 1985. Entered into force Aug. 9, 1985.

Agreement extending the memorandum of understanding of Sept. 24, 1975, as extended (TIAS 9033), relating to the principles governing cooperation in research and development, production, and procurement of defense equipment. Signed at Washington June 28, 1985. Entered into force June 28, 1985.

Yemen

Agreement amending the agreement of Apr. 15, 1985, for the sale of agricultural commodities. Signed at Sanaa July 30, 1985. Entered into force July 30, 1985.

¹Not in force.

²Not in force for the U.S.

³With declaration. ■

PRESS RELEASES

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject
*211	9/4	Gary L. Matthews sworn in as Ambassador to Malta, Aug. 22 (biographic data).
*212	9/4	U.S.-Mexico agree on measures to resolve the Tijuana sanitation problem.
*213	9/5	Program for the official visit to Washington, D.C., of Prime Minister Poul Schluter of Denmark, Sept. 9-11.
*214	9/6	U.S. Delegation to Budapest Cultural Forum (Oct. 15-Nov. 25) announced.
*215	9/6	Irvin Hicks sworn in as Ambassador to the Republic of Seychelles, Aug. 9 (biographic data).
*216	[Not issued.]	
*217	9/6	U.S.-Mexico sign Annexes Nos. I and II to border environmental agreement, July 18.
*218	9/11	Shultz: news conference on South Africa, Sept. 9.
219	9/11	Shultz: statement before Senate Committee on Labor and Human Resources.
*220	9/11	Shultz: welcoming remarks before International Communications Technology and Foreign Policy Symposium.

*221	9/12	Shultz: remarks at swearing-in ceremony of the Christopher Columbus Quincentenary Jubilee Commission.
*222	9/16	Program for the official working visit to Washington, D.C. of President Samora Moises Machel of the People's Republic of Mozambique, Sept. 17-21.
*223	9/16	Blair House Restoration Fund.
224	9/17	Shultz: statement before the Senate Judiciary Committee.
225	9/23	Shultz: address before the 40th session of the UN General Assembly, New York.
*226	9/25	Harvey F. Nelson, Jr., sworn in as Ambassador to Swaziland, Aug. 19 (biographic data).
*227	9/25	Edwin G. Corr sworn in as Ambassador to El Salvador, Aug. 23 (biographic data).
*228	10/16	Richard W. Bogosian sworn in as Ambassador to Niger, Aug. 23 (biographic data).
*229	9/30	Indochinese Refugee Panel announced.

*Not printed in the BULLETIN. ■

PUBLICATIONS

Department of State

Free single copies of the following Department of State publications are available from the Correspondence Management Division, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

President Reagan

South Africa: Presidential Actions (with text of Executive order), Sept. 9, 1985 (Current Policy #735).

The President's Trade Policy Action Plan, business leaders and members of the President's Export Council and the Advisory Committee for Trade Negotiations, Sept. 23, 1985 (Current Policy #745).

Secretary Shultz

The Charter's Goals and Today's Realities, UN General Assembly, Sept. 23, 1985 (Current Policy #743).

Proposed Refugee Admissions for FY 1986, Subcommittee on Immigration and Refugee Policy, Senate Judiciary Committee, Sept. 17, 1985 (Current Policy #738).

U.S. Role in the ILO, Senate Labor and Human Resources Committee, Sept. 11, 1985 (Current Policy #737).

Africa

Southern Africa: U.S. Policy (GIST, Sept. 1985).

Energy

Energy Trade: Problems and Prospects, Deputy Assistant Secretary Wendt, Oxford Energy Seminar, Oxford, England, Sept. 5, 1985 (Current Policy #741).

Oil and Energy (GIST, Sept. 1985).

Europe

CSCE Process: An Overview (GIST, Sept. 1985).

Human Rights

Human Rights and U.S.-Soviet Relations, Under Secretary Armacost, International Council of the World Conference on Soviet Jewry, Sept. 9, 1985 (Current Policy #736).

Middle East

An Overview of Developments in the Middle East, Assistant Secretary Murphy, Subcommittee on Europe and the Middle East, House Foreign Affairs Committee, Sept. 18, 1985 (Current Policy #740).

Narcotics

International Narcotics Control (GIST, Sept. 1985).

South Asia

Afghanistan (GIST, Sept. 1985).

Western Hemisphere

Revolution Beyond Our Borders: Sandinista Intervention in Central America, Sept. 1985 (Special Report #132). ■

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Correction

On page 32 of the September 1985 issue (Volume 85, Number 2102) remarks were mistakenly attributed to Fiji Ambassador Radrodro. Secretary Shultz was speaking to U.S. Ambassador to Fiji, C. Edward Dillery. The BULLETIN regrets this error. ■



(White House photo by Terry Arthur)



FEATURE

United Nations

A Foundation for Enduring Peace

by President Reagan

*Address before the 40th session
of the UN General Assembly
in New York on October 24, 1985.¹*

Forty years ago, the world awoke daring to believe hatred's unyielding grip had finally been broken—daring to believe the torch of peace would be protected in liberty's firm grasp.

Forty years ago, the world yearned to dream again innocent dreams, to believe in ideals with innocent trust. Dreams of trust are worthy, but in these 40 years too many dreams have been shattered; too many promises have been broken; too many lives have been lost. The painful truth is that the use of violence to take, to exercise, and to preserve power remains a persistent reality in much of the world.

The vision of the UN Charter—to spare succeeding generations this scourge of war—remains real. It still stirs our souls and warms our hearts. But it also demands of us a realism that is rockhard, clear eyed, steady, and sure—a realism that understands the nations of the United Nations are not united.

I come before you this morning preoccupied with peace, with ensuring that the differences between some of us not be permitted to degenerate into open conflict. And I come offering for my own country a new commitment, a fresh start.

On this UN anniversary, we acknowledge its successes: the decisive action during the Korean war; negotiation of the Non-Proliferation Treaty;

strong support for decolonization; and the laudable achievements by the UN High Commissioner for Refugees. Nor must we close our eyes to this organization's disappointments: its failure to deal with real security issues, the total inversion of morality in the infamous Zionism-is-racism resolution, the politicization of too many agencies, the misuse of too many resources.

The United Nations is a political institution, and politics requires compromise. We recognize that. But let us remember: from those first days one guiding star was supposed to light our path toward the UN vision of peace and progress—the star of freedom.

What kind of people will we be 40 years from today? May we answer—free people, worthy of freedom, and firm in the conviction that freedom is not the sole prerogative of a chosen few, but the universal right of all God's children. This is the Universal Declaration of Human Rights set forth in 1948. And this is the affirming flame the United States has held high to a watching world. We champion freedom not only because it is practical and beneficial but because it is morally right and just.

Free people, whose governments rest upon the consent of the governed, do not wage war on their neighbors. Free people, blessed by economic opportunity and protected by laws that



respect the dignity of the individual, are not driven toward the domination of others.

We readily acknowledge that the United States is far from perfect. Yet we have endeavored earnestly to carry out our responsibilities to the Charter these past 40 years, and we take national pride in our contributions to peace. We take pride in 40 years of helping to avert a new world war and pride in our alliances that protect and preserve us and our friends from aggression. We take pride in the Camp David agreements and our efforts for peace in the Middle East rooted in Resolutions 242 and 338; in supporting Pakistan, target of outside intimidation; in assisting El Salvador's struggle to carry forward its democratic revolution; in answering the appeal of our Caribbean friends in Grenada; in seeing Grenada's representative here today, voting the will of its own people. And we take pride in our proposals to reduce the weapons of war.

We submit this history as evidence of our sincerity of purpose. But today it is more important to speak to you about what my country proposes to do, in these closing years of the 20th century, to bring about a safer, a more peaceful, a more civilized world.

U.S.-Soviet Differences

Let us begin with candor—with words that rest on plain and simple facts. The differences between America and the Soviet Union are deep and abiding. The United States is a democratic nation. Here the people rule. We build no walls to keep them in, nor organize any system of police to keep them mute. We occupy no country. The only land abroad we occupy is beneath the graves where our heroes rest. What is called the West is a voluntary association of free nations, all of which fiercely value their independence and their sovereignty. And as deeply as we cherish our beliefs, we do not seek to compel others to share them.



(Photo: Harry S. Truman Library)

Secretary of State Edward R. Stettinius, Jr., chairman of the U.S. delegation to the San Francisco conference, signed the UN Charter on June 26, 1945, while President Truman (left) witnessed. Behind the Secretary and at the right of this photo are other members of the U.S. delegation who also signed the Charter—Commander Harold E. Stassen, U.S. Naval Reserve; Virginia C. Gildersleeve, Dean, Barnard College; (unidentified aide); Representative Charles A. Eaton (R-N.J.); Representative Sol Bloom (D-N.Y.); Senator Arthur H. Vandenberg (R-Mich.); and Senator Tom Connally (D-Tex.). Former Secretary of State Cordell Hull, senior adviser and member of the U.S. delegation, was convalescing in Washington, D.C., and signed the Charter at a later date. He was awarded the Nobel Peace Prize in 1945 for his role in establishing the United Nations.



(USUN photo)

U.S. Ambassador to the United Nations Vernon A. Walters presents the original copy of the UN Charter to Secretary General Javier Perez de Cuellar so that it can be displayed during the 40th session of the General Assembly. The Charter is in permanent custody of the U.S. Government in fulfillment of its depositary function. It is bound in a single document and contains all five original language texts (English, French, Spanish, Russian, and Chinese).



FEATURE

United Nations

United Nations Day, 1985

PROCLAMATION 5372, OCT. 1, 1985¹

The founders of the United Nations, meeting in San Francisco 40 years ago, set forth in the U.N. Charter the fervent hope that humanity might experience peace and international cooperation in the era after the greatest and most costly war ever experienced. The ideals expressed in the Charter were that all member states would work together to maintain international peace and security, encourage human rights, and cooperate in dealing with the economic, social, humanitarian, and technical problems that afflict our planet.

The United Nations and its family of international organizations have sought, constructively, to improve the human condition. Many people today live under better conditions because of work done in the name of these organizations. That hope for international cooperation, expressed 40 years ago, has been achieved most often in the U.N.'s technical, development, and humanitarian agencies. The United Nations Children's Fund (UNICEF), the World Health Organization (WHO), the International Civil Aviation Organization (ICAO), the World Meteorological Organization (WMO), the International Atomic Energy Agency (IAEA), and the World Food Program (WFP), for example, have made major contributions to the safety and welfare of people everywhere.

On this the United Nation's 40th Anniversary, it is appropriate that all member states reflect not only on the achievements of the organization, but also its shortcomings, its unfulfilled promise and yes, even its failures. We do so in a positive spirit, seeking constructive solutions to those problems that prevent the U.N. from realizing its full potential and fully embodying the ideals of the Charter. We believe that by facing those problems realistically and working together, many can be solved. The tasks before us are not easy. It will require both patience and dedication to the ideals of the U.N. Charter. We owe it to ourselves, however, to our children, and to all future generations to make this effort.

To the American people and their elected representatives, the United Nations plays an important role in the search for peace with

justice. It provides a forum where member states can discuss and try to resolve their differences peacefully, in the spirit of the Charter. We will continue to do all we can to support that process within the U.N., within recognized regional fora, and in direct bilateral dialogue. As we encourage more responsible international behavior, we strengthen the United Nations and the prospect for achieving the goals of its Charter. But much more can and must be done. We look to all member states to support the sound principles upon which the U.N. was founded. These include respect for the rights and views of states that may find themselves in the minority, and support for recognized regional associations as provided for in the Charter, as well as the wise use of its own resources and established procedures.

The people and the government of the United States take satisfaction in the very substantial moral, political, and financial support we have given to the United Nations since its founding. We remain firmly committed to the noble ideals set forth in the Charter; they are entirely consonant with the ideals embodied in our own political institutions. The United Nations continues to stand as the symbol of the hopes of all mankind for a more peaceful and productive world. We must not disappoint those hopes.

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, do hereby proclaim Thursday, October 24, 1985, as United Nations Day and urge all Americans to acquaint themselves with the activities of the United Nations, its accomplishments, and the challenges it faces. I have appointed Peter H. Dailey to serve as 1985 United States Chairman for United Nations Day and welcome the role of the United Nations Association of the United States of America in working with him to celebrate this special day.

IN WITNESS WHEREOF, I have hereunto set my hand this first day of October, in the year of our Lord nineteen hundred and eighty-five, and of the Independence of the United States of America the two hundred and tenth.

RONALD REAGAN

¹Text from Weekly Compilation of Presidential Documents of Oct. 7, 1985. ■

When we enjoy these vast freedoms as we do, it is difficult for us to understand the restrictions of dictatorships which seek to control each institution and every facet of people's lives, the expression of their beliefs, their movements, and their contacts with the outside world. It is difficult for us to understand the ideological premise that force is an acceptable way to expand a political system.

We Americans do not accept that any government has the right to command and order the lives of its people, that any nation has a historic right to use force to export its ideology. This belief—regarding the nature of man and the limitations of government—is at the core of our deep and abiding differences with the Soviet Union, differences that put us into natural conflict—and competition—with one another.

We would welcome enthusiastically a true competition of ideas, welcome a competition of economic strength and scientific and artistic creativity, and, yes, welcome a competition for the good will of the world's people. But we cannot accommodate ourselves to the use of force and subversion to consolidate and expand the reach of totalitarianism.

When Mr. Gorbachev and I meet in Geneva next month, I look to a fresh start in the relationship of our two nations. We can and should meet in the spirit that we can deal with our differences peacefully. That is what we expect.

The only way to resolve differences is to understand them. We must have candid and complete discussions of where dangers exist and where peace is being disrupted. Make no mistake: our policy of open and vigorous competition rests on a realistic view of the world. Therefore, at Geneva, we must review the reasons for the current level of mistrust.

For example, in 1972 the international community negotiated in good faith a ban on biological and toxin weapons; in 1975 we negotiated the Helsinki accords on human rights and freedoms; and during the decade just

past, the United States and the Soviet Union negotiated several agreements on strategic weapons. And yet we feel it will be necessary at Geneva to discuss with the Soviet Union what we believe are violations of a number of the provisions in all of these agreements. Indeed, this is why it is important that we have this opportunity to air our differences through face-to-face meetings—to let frank talk substitute for anger and tension.

The United States has never sought treaties merely to paper over differences. We continue to believe that a

nuclear war is one that cannot be won and must never be fought. And that is why we have sought, for nearly 10 years, still seek, and will discuss in Geneva radical, equitable, verifiable reductions in these vast arsenals of offensive nuclear weapons.

At the beginning of the latest round of the ongoing negotiations in Geneva, the Soviet Union presented a specific proposal involving numerical values. We are studying the Soviet counterproposal carefully. I believe that within their proposal there are seeds which we should nurture, and in the coming weeks we

will seek to establish a genuine process of give-and-take.

The United States is also seeking to discuss with the Soviet Union in Geneva the vital relationship between offensive and defensive systems, including the possibility of moving toward a more stable and secure world in which defenses play a growing role. The ballistic missile is the most awesome, threatening, and destructive weapon in the history of man. Thus, I welcome the interest of the new Soviet leadership in the reduction of offensive strategic

Secretaries General of the United Nations



Trygve Lie (Norway)
1946–1952



Javier Perez de Cuellar (Peru)
1982–Present



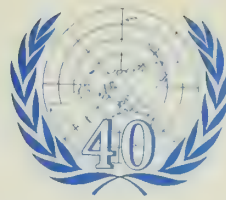
Dag Hammarskjöld (Sweden)
1953–1961



U Thant (Burma)
1961–1971



Kurt Waldheim (Austria)
1972–1981



FEATURE

United Nations

forces. Ultimately, we must remove this menace—once and for all—from the face of the Earth.

Until that day, the United States seeks to escape the prison of mutual terror by research and testing that could, in time, enable us to neutralize the threat of these ballistic missiles and, ultimately, render them obsolete. How is Moscow threatened if the capitals of other nations are protected? We do not ask that the Soviet leaders—whose country has suffered so much from war—leave their people defenseless against foreign attack. Why then do they insist that we remain undefended? Who is threatened if Western research—and Soviet research that is itself well-advanced—should develop a non-nuclear system which would threaten not human beings but only ballistic missiles?

Surely, the world will sleep more secure when these missiles have been rendered useless, militarily and politically, when the sword of Damocles that has hung over our planet for too many decades is lifted by Western and Russian scientists working to shield their cities and their citizens and one day shut down space as an avenue of weapons of mass destruction.

If we are destined by history to compete, militarily, to keep the peace, then let us compete in systems that defend our societies rather than weapons which can destroy us both and much of God's creation along with us. Some 18 years ago, then-Premier Aleksei Kosygin was asked about a moratorium on the development of an antimissile defense system. The official Soviet news agency, TASS, reported he replied with these words:

I believe that defensive systems, which prevent attack, are not the cause of the arms race, but constitute a factor preventing the death of people. . . . Maybe an antimissile system is more expensive than an offensive system, but it is designed not to kill people but to preserve human lives.

The Search for Real Peace

Preserving lives—no peace is more fundamental than that. Great obstacles lie ahead, but they should not deter us. Peace is God's commandment. Peace is the holy shadow cast by men treading on the path of virtue.

But just as we all know what peace is, we certainly know what peace is *not*.

- Peace based on repression cannot be true peace and is secure only when individuals are free to direct their own governments.

- Peace based on partition cannot be true peace. Put simply: nothing can justify the continuing and permanent division of the European Continent. Walls of partition and distrust must give way to greater communication for an open world. Before leaving for Geneva, I shall make new proposals to achieve this goal.

- Peace based on mutual fear cannot be true peace because staking our future on a precarious balance of terror is not good enough. The world needs a balance of safety.

- And, finally, a peace based on averting our eyes from trouble cannot be true peace. The consequences of conflict are every bit as tragic when the destruction is contained within one country.

Real peace is what we seek, and that is why today the United States is presenting an initiative that addresses what will be a central issue in Geneva—the issue of regional conflicts in Africa, Asia, and Central America.

Our own position is clear: as the oldest nation of the New World, as the first anticolonial power, the United States rejoiced when decolonization gave birth to so many new nations after World War II. We have always supported the right of the people of each nation to define their own destiny. We have given \$300 billion since 1945 to help people of other countries. And we've tried to help friendly govern-

ments defend against aggression, subversion, and terror.

We have noted with great interest similar expressions of peaceful intent by leaders of the Soviet Union. I am not here to challenge the good faith of what they say. But isn't it important for us to weigh the record, as well?

- In Afghanistan, there are 118,000 Soviet troops prosecuting war against the Afghan people.

- In Cambodia, 140,000 Soviet-backed Vietnamese soldiers wage a war of occupation.

- In Ethiopia, 1,700 Soviet advisers are involved in military planning and support operations along with 2,500 Cuban combat troops.

- In Angola—1,200 Soviet military advisers involved in planning and supervising combat operations, along with 35,000 Cuban troops.

U.S. Delegation to the 40th UN General Assembly

Representatives

Vernon A. Walters

Herbert S. Okun

Gerald B. Solomon, U.S. Representative from the State of New York

Daniel A. Mica, U.S. Representative from the State of Florida

John Davis Lodge*

Alternate Representatives

Patricia M. Byrne

Joseph Verner Reed

Hugh Montgomery

Robinson Risner

Adele Langston Rogers

*Mr. Lodge died Oct. 29, 1985.
USUN press release 95 (rev.) of Oct. 17, 1985. ■

• In Nicaragua—some 8,000 Soviet-bloc and Cuban personnel, including about 3,500 military and secret police personnel.

All of these conflicts—some of them under way for a decade—originate in local disputes, but they share a common characteristic: they are the consequence of an ideology imposed from without, dividing nations and creating regimes that are, almost from the day they take power, at war with their own people. And in each case Marxism-Leninism's war with the people becomes war with their neighbors.

These wars are exacting a staggering human toll and threaten to spill across national boundaries and trigger dangerous confrontations. Where is it more appropriate than right here at the United Nations to call attention to Article 2 of our Charter which instructs members to refrain "... from the threat or use of force against the territorial integrity or political independence of any state...?"

During the past decade these wars played a large role in building suspicions and tensions in my country over the purpose of Soviet policy. This gives us an extra reason to address them seriously today.

U.S. Proposal for a Regional Peace Process

Last year I proposed from this podium that the United States and Soviet Union hold discussions on some of these issues, and we have done so. But I believe these problems need more than talk. For that reason, we are proposing, and are fully committed to support, a regional peace process that seeks progress on three levels.

• First, we believe the starting point must be a process of negotiation among the warring parties in each country I've mentioned—which, in the case of Afghanistan, includes the Soviet Union. The form of these talks may

and should vary, but negotiations—and an improvement of internal political conditions—are essential to achieving an end to violence, the withdrawal of foreign troops, and national reconciliation.

• There is a second level: once negotiations take hold and the parties directly involved are making real progress, representatives of the United States and the Soviet Union should sit down together. It is not for us to impose any solutions in this separate set of talks. Such solutions would not last. But the issue we should address is how best to support the ongoing talks among the warring parties. In some cases, it might well be appropriate to consider guarantees for any agreements already reached. But in every case the primary task is to promote this goal: verified elimination of the foreign military presence and restraint on the flow of outside arms.

• And, finally, if these first two steps are successful, we could move on to the third—welcoming each country back into the world economy so its citizens can share in the dynamic growth that other developing countries—countries that are at peace—enjoy. Despite past differences with these regimes, the United States would respond generously to their democratic reconciliation with their own people, their respect for human rights, and their return to the family of free nations. Of course, until such time as these negotiations result in definitive progress, America's support for struggling democratic resistance forces must not and shall not cease.

This plan is bold. It is realistic. It is not a substitute for existing peacemaking efforts; it complements them. We are not trying to solve every conflict in every region of the globe, and we recognize that each conflict has its own character. Naturally, other regional problems will require different approaches. But we believe that the recurrent pattern of conflict that we see in these five cases ought to be broken as soon as possible.

We must begin somewhere, so let us begin where there is great need and great hope. This will be a clear step forward to help people choose their future more freely. Moreover, this is an extraordinary opportunity for the Soviet side to make a contribution to regional peace which, in turn, can promote future dialogue and negotiations on other critical issues.

The Need for Individual Freedom and Human Rights

With hard work and imagination, there is no limit to what, working together, our nations can achieve. Gaining a peaceful resolution of these conflicts will open whole new vistas of peace and progress—the discovery that the promise of the future lies not in measures of military defense, or the control of weapons, but in the expansion of individual freedom and human rights.

Only when the human spirit can worship, create, and build, only when people are given a personal stake in determining their own destiny and benefiting from their own risks do societies become prosperous, progressive, dynamic, and free.

We need only open our eyes to the economic evidence all around us. Nations that deny their people opportunity—in Eastern Europe, Indochina, southern Africa, and Latin America—without exception are dropping further behind in the race for the future. But where we see enlightened leaders who understand that economic freedom and personal incentive are key to development, we see economies striding forward—Singapore, Taiwan, and South Korea; India, Botswana, and China. These are among the current and emerging success stories because they have the courage to give economic incentives a chance.



Let us all heed the simple eloquence in Andrei Sakharov's Nobel Peace Prize message:

International trust, mutual understanding, disarmament and international security are inconceivable without an open society with freedom of information, freedom of conscience, the right to publish and the right to travel and choose the country in which one wishes to live.

At the core, this is an eternal truth. Freedom works. That is the promise of the open world and awaits only our collective grasp. Forty years ago, hope came alive again for a world that hungered for hope. I believe fervently that hope is still alive.

The American Commitment to the World

The United States has spoken with candor and conviction today, but that does not lessen these strong feelings held by every American: it's in the nature of Americans to hate war and its destructiveness. We would rather wage our struggle to rebuild and renew, not to tear down. We would rather fight against hunger, disease, and catastrophe. We would rather engage our adversaries in the battle of ideals and ideas for the future.

These principles emerge from the innate openness and good character of our people—and from our long struggle and sacrifice for our liberties and the liberties of others. Americans always yearn for peace. They have a passion for life. They carry in their hearts a deep capacity for reconciliation.

Last year at this General Assembly, I indicated there was every reason for the United States and the Soviet Union to shorten the distance between us. In Geneva—the first meeting between our heads of government in more than 6 years—Mr. Gorbachev and I will have that opportunity.

So, yes, let us go to Geneva with both sides committed to dialogue. Let both

sides go committed to a world with fewer nuclear weapons—and some day with none. Let both sides go committed to walk together on a safer path into the 21st century and to lay the foundation for enduring peace.

It is time, indeed, to do more than just talk of a better world. It is time to act. And we will act when nations cease to try to impose their ways upon others. And we will act when they realize that we, for whom the achievement of freedom has come dear, will do what we must to preserve it from assault.

America is committed to the world, because so much of the world is inside America. After all, only a few miles from this very room is our Statue of Liberty, past which life began anew for millions—where the peoples from nearly every country in this hall joined to build these United States.

The blood of each nation courses through the American vein and feeds the spirit that compels us to involve ourselves in the fate of this good earth. It is the same spirit that warms our heart in concern to help ease the desperate hunger that grips proud people on the African Continent.

It is the internationalist spirit that came together last month when our neighbor, Mexico, was struck suddenly by an earthquake. Even as the Mexican nation moved vigorously into action, there were heartwarming offers by other nations offering to help and glimpses of people working together without concern for national self-interest or gain.

And if there was any meaning to salvage out of that tragedy, it was found one day in a huge mound of rubble that was once the Juarez Hospital in Mexico City. A week after that terrible event and as another day of despair unfolded, a team of workers heard a faint sound coming somewhere from the heart of the crushed concrete and twisted steel. Hoping beyond hope, they quickly burrowed toward it. As the late afternoon light faded, and, racing against time, they found what they had heard, and the first of three baby girls—

newborn infants—emerged to the safety of the rescue team. And let me tell you the scene through the eyes of one who was there.

Everyone was so quiet when they lowered that little baby down in a basket covered with blankets. The baby didn't make a sound, either. But the minute they put her in the Red Cross ambulance, everybody just got up and cheered.

Well, amidst all that hopelessness and debris came a timely—and timeless—lesson for us all. We witnessed the miracle of life.

It is on this that I believe our nations can make a renewed commitment. The miracle of life is given by One greater than ourselves. But, once given, each life is ours to nurture and preserve—to foster not only for today's world but for a better one to come.

There is no purpose more noble than for us to sustain and celebrate life in a turbulent world. And that is what we must do now. We have no higher duty, no greater cause as humans. Life—and the preservation of freedom to live it in dignity—is what we are on this earth to do.

Everything we work to achieve must seek that end so that some day our prime ministers, our premiers, our presidents, and our general secretaries will talk not of war and peace but only of peace.

We've had 40 years to begin. Let us not waste one more moment to give back to the world all that we can in return for this miracle of life.

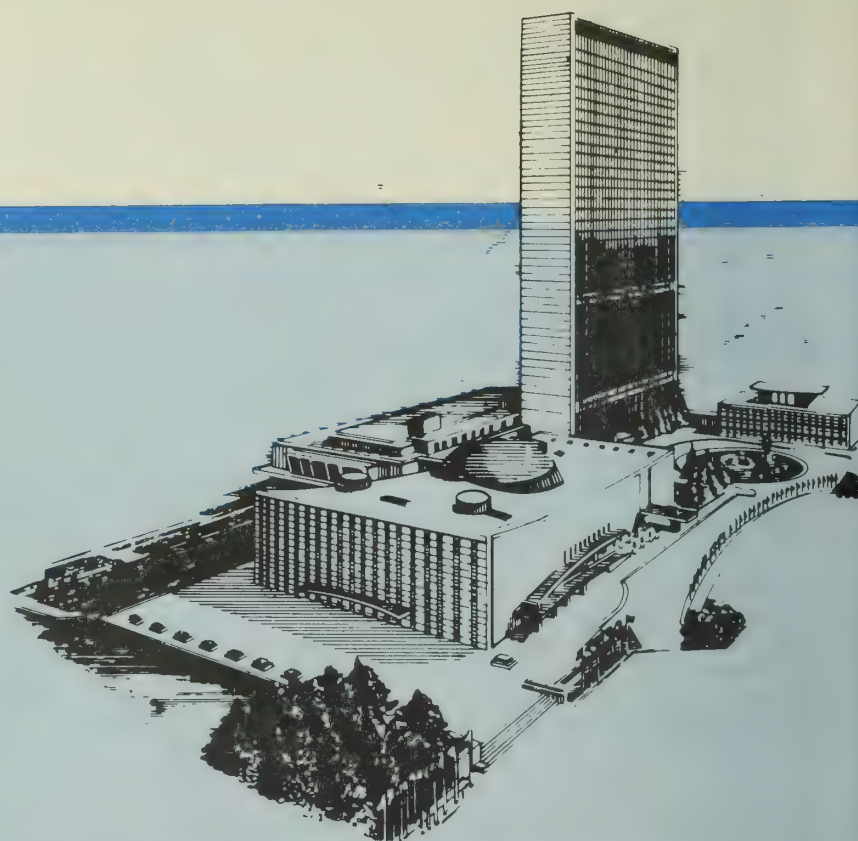
¹Text from Weekly Compilation of Presidential Documents of Oct. 28, 1985, and USUN press release 125. ■

United Nations Headquarters

One of the key decisions facing the first UN General Assembly was to select the location for the permanent headquarters. Many sites were considered. However, in December 1946, the American philanthropist and financier, John D. Rockefeller, Jr., offered a gift of \$8.5 million to purchase land adjacent to the East River in New York City; the General Assembly quickly accepted.

The four buildings which comprise the UN headquarters are the low, domed General Assembly; the 39-story Secretariat; the rectangular Conference Building along the river; and the Dag Hammarskjöld Library. Construction costs, exclusive of the library, amounted to about \$67 million and were financed by an interest-free loan from the United States. The library was built at a cost of \$6.7 million and was a gift of the Ford Foundation. Occupancy of the Secretariat began in 1950, but it was not until 1952 that meetings could be held in the General Assembly and Conference Buildings. The Dag Hammarskjöld Library was dedicated in 1961. ■

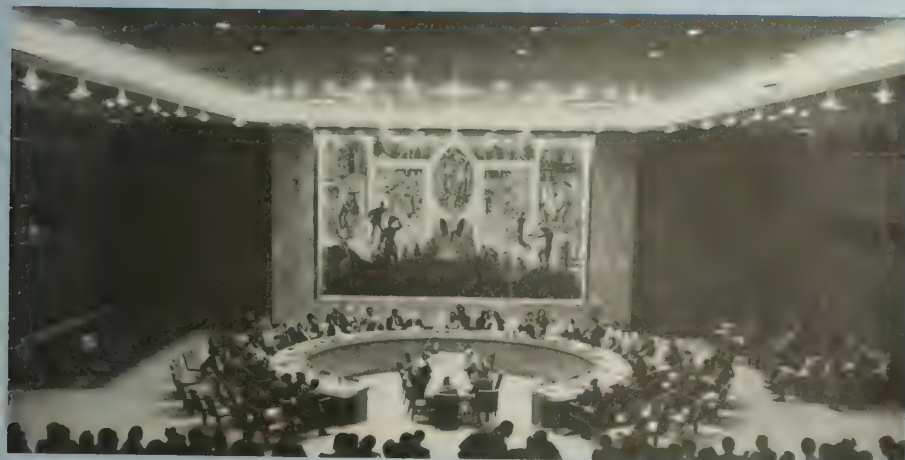
The General Assembly hall is enormous—165 feet long, 115 feet wide, with a ceiling 75 feet high. There are more than 2,000 seats in the General Assembly—1,400 for delegates, alternates, and advisers and the remainder for the public and press. At the green marble podium are places for the President of the Assembly, the Secretary General, and the Under Secretary General for General Assembly Affairs. To the left and right of the podium are voting panels listing the name of each member state. A mechanized system allows delegates to vote by pressing a button at their desks, although voting is sometimes by secret ballot. Broadcast, photo, and interpreters' booths line both sides of the hall.





FEATURE

United Nations



The Security Council chamber is one of three chambers in the Conference Building. It was designed by the Norwegian architect Arnstein Arneberg, and most of the furnishings are gifts from the Norwegian Government. The large mural by Per Krohg (of Norway) symbolizes the promise of future peace and individual freedom.



The Economic and Social Council chamber was designed by Sven Markelius of Sweden. Much of the decorative furnishings and the white marble flooring were gifts of the Government of Sweden.

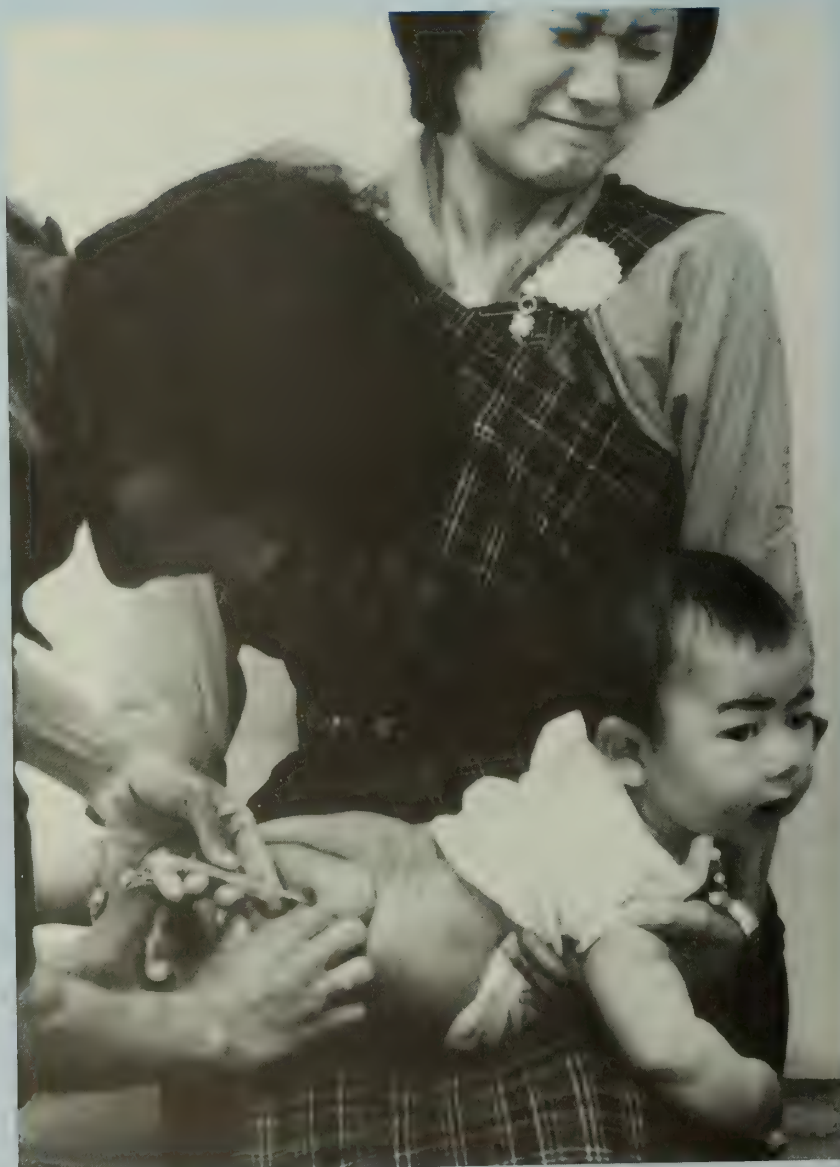


In the Trusteeship Council chamber, a light and harmonious effect is achieved through the use of fine woods and contrasting colors. This chamber was designed by Finn Juhl of Denmark; the Government of Denmark provided most of the furnishings.

United Nations Activities

Health

This baby, receiving an inoculation in a village in Bhutan, is the beneficiary of a worldwide campaign by the World Health Organization (WHO) to immunize by 1990 every child in the world against the six major communicable diseases—diphtheria, measles, poliomyelitis, tetanus, tuberculosis, and whooping cough. WHO helps countries expand and modernize their health facilities, and it promotes research relating to nutrition, maternal and child care, environmental safety, mental health, disease control, and medical care and rehabilitation. This UN specialized agency eradicated smallpox in 1979.



(UN photo)



FEATURE

United Nations



(UN photo)

Food

Most of the world's 1 billion hungry people live in the developing countries, areas which do not produce enough to feed their populations. The Food and Agriculture Organization (FAO) aims to raise levels of nutrition and standards of living; improve production and distribution of all agriculture products; promote rural development by encouraging investment and research; and, by these means, eliminate hunger. Through the efforts of FAO, new farming methods have increased food production where it is most needed. This farmer in Sri Lanka is sowing rice, a staple crop in many Third World countries.



(UN photo)

Women

Many women worldwide are locked in a lifestyle of exploitation. The voluntary fund for the UN Decade for Women, established in 1975, is attempting to improve their circumstances through training and literacy projects implemented on a village level. This UN expert is training rural women in Tunisia in clothing manufacture.

Environment

The protection of these zebras in Tanzania is only one of the special interests of the UN Environment Program (UNEP). Its other programs to protect the Earth's flora and fauna include Earthwatch (a network to monitor environmental changes), land reclamation and management, and combating marine pollution.



(UN photo)

Disabled

The UN General Assembly proclaimed 1981 as the International Year for Disabled Persons. Its focus was to encourage national and international efforts for the rehabilitation of the estimated 450 million people in the world who suffer from some form of physical or mental impairment. This young man in Burma works in the carpentry shop of a school despite his disability.



(UN photo)



FEATURE

United Nations



(UN photo)

Human Rights

Millions of Indians living in the isolated highlands of Argentina, Bolivia, Chile, Colombia, Ecuador, and Peru are being helped toward better living and working conditions through joint programs undertaken by their governments and UN agencies. These Indians in Colombia vote in a district gubernatorial election.



(UN photo)



Refugees

Due to severe drought in Africa, millions of people have become refugees, such as those in Ethiopia. The UN High Commissioner for Refugees (UNHCR) was established in 1950 to protect refugees and promote durable solutions to their problems. It depends entirely on voluntary contributions from governments and private sources for its programs for the more than 10 million refugees under its care around the world. UNHCR was awarded the Nobel Peace Prize in 1954 and 1981.

Investment

The International Bank for Reconstruction and Development (IBRD) finances major development projects in Third World countries, such as this dam in Nigeria.



Aging

Rising life expectancy and declining birth rates throughout the world are creating an increasing proportion of old people to young. By the year 2000, there will be 600 million people over 60 years of age, twice the 1970 figure. The 1982 World Assembly on Aging asked all countries to formulate plans to help the aging as individuals and to deal with the long-term social and economic effects of an aging population. This resident of Saint Fatima House for the aged in Cairo is having her blood pressure checked by one of the Roman Catholic nuns who operate the facility.



(UN photo)



FEATURE

United Nations



(UN photo)

Population

A government worker briefs residents of a rural village in China on procedures to be followed in taking that country's first modern census (1982). It took the combined efforts of almost 13 million people (6 million trained personnel and about 7 million volunteers) to make it a success. Responses were processed by computers provided by the UN Fund for Population Activities (UNFPA). Preliminary results revealed that there are 1.08 billion people in China, nearly a quarter of the human race. The full results will take years to analyze.



(UN photo)

Aviation

The International Civil Aviation Organization (ICAO) was established in 1947 to ensure the safe and orderly growth of international civil aviation, such as adopting standards governing the performance of pilots, air traffic controllers, and ground maintenance crews and formulating rules of the air for pilots, aeronautical charts of navigation, and telecommunications systems. ICAO also provides training assistance, such as to these mechanics in Burkina Faso.



Disaster Relief

Since it began operations in 1972, the UN Disaster Relief Organization (UNDRO) has coordinated the relief efforts of other UN agencies and private organizations for some 220 major natural disasters, such as this devastating earthquake which struck Guatemala in 1976, leaving about 1 million people homeless.



(UN photo)

Weather

The World Meteorological Organization (WMO) has implemented the World Weather Watch using surface-based observations, meteorological satellites, and a system of world and regional meteorological centers operated by national weather services. One result is that major economic development projects are getting information about the distribution and quality of the water supply. This meteorologist in Ecuador replaces a recording chart on a sunshine gauge. Data from this station is transmitted to the national meteorological center in Costa Rica.



(UN photo)





FEATURE

United Nations



(UN photo)

Human Settlements

These young children play in an overcrowded slum area in a Central American country. This is one of the many problems confronting the UN Center for Human Settlements (Habitat). With more than 4.5 million people unevenly distributed over the world's habitable areas, the quality of their lives is, to a major extent, influenced by patterns of population growth and density. Some countries are already facing serious overpopulation, manifested in the form of food shortages, inadequate housing, and high unemployment rates.



(UN photo)

Development

The UN Development Program (UNDP) and the UN Industrial Development Organization (UNIDO) contribute to the ever-growing industrial needs of the world. UNIDO field officers are in direct contact with the technical authorities of governments receiving assistance from UNDP in order to establish training centers like this carpentry workshop in Togo.

Vice President Bush Visits China

*Vice President Bush visited
Beijing (October 13-16, 1985),
Chengdu (October 16), Guilin (October 16-17),
Guangzhou (October 17-18), and
Shenzhen (October 18).*



With Li Xiannian, President, People's Republic of China



With Hu Yaobang, General Secretary, Chinese Communist Party Central Committee

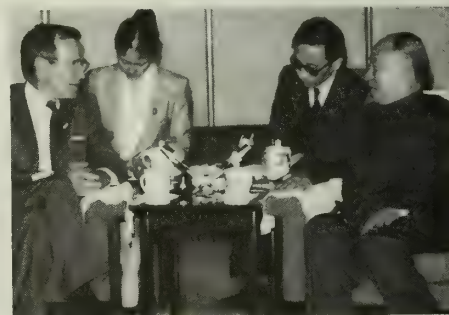
[Our economic] ties are central to the evolving Chinese-American relationship. Look how they have grown.

In 1972 our two-way trade came to less than \$100 million. This year it will exceed \$7 billion. In 1972 the United States had almost no investments in China. Today America is the largest foreign country investor. Americans have committed \$150 million to more than 60 joint equity ventures and another \$550 million in off-shore oil exploration.... Some of America's most extensive involvement is in areas that China has identified as those most in need of development—energy, transportation, telecommunications, and management.

Sichuan University
Chengdu, China
October 16, 1985



With Deng Xiaoping, Chairman, Central Advisory Commission and Central Military Commission



With Peng Zhen, Chairman, National's People's Congress Standing Committee



With Premier Zhao Ziyang, Premier, State Council



With Wan Li Vice Premier, State Council

Vice President Bush officiates at the ceremony on October 16 in Chengdu opening the fourth U.S. Consulate in China.



The Vice President visits the Beijing Jeep Corp. (above) and the Shenzhen Pepsi-Cola Bottling Co. Plant (below)—two of many joint equity U.S.-China ventures.



(White House photos by Dave Valdez)

Arms Control, Strategic Stability, and Global Security

*Secretary Shultz's address before
the North Atlantic Assembly
in San Francisco
on October 14, 1985.¹*

My talk this morning is about our relations with the Soviet Union, a central issue for the Western democracies. But before I start on that, I want to say something about terrorism, because terrorism is the war we're fighting right now.

Terrorists and the regimes that support them aim to shatter our ideals and our principles, undermine our democratic life, and pull down civilization itself. We've learned some lessons in the few days just past. The event isn't over, but still while it's fresh in our minds, let me tell you three points that stand out in my own mind.

- First, it tells us something about terrorists—that they're animals, cowardly animals. These are not guerrillas. These are not fighters for some liberation movement. They select the helpless to torture and murder. They lack the guts to do battle, just as they lack the guts to seek justice and peace by negotiation. That's the first lesson. [Applause]

- It tells us that we must take action. If free peoples do not move against the terrorists, no one will stop them. We must have the courage to act without violence, if possible, but recognizing that violence sometimes cannot be avoided. If our dedication to that principle paralyzes us, all our principles will be in jeopardy. That's a little more sobering lesson, so I notice you didn't clap. But it's an important lesson. We have to be ready to act.

- And, third, it tells us that the democracies must stand together in our own cause. Our nations are the founders and the defenders of the rule of law. The terrorists know and seek to turn that against us. They insist that we be rigorous in granting due process to the

enemies of the rule of law, and, as they do, they seek to instill fear—the fear that anyone who captures and brings to justice a terrorist becomes a target of terrorism.

We must stand for the rule of law, but we must not let fear turn it into a key to the jailhouse door. If we of the democracies stand together against this scourge, we will defeat it, and our ideals and values will thrive and be safe. I think we are now starting to do that.

Arms Control

I have a lengthy statement here that deals principally with the arms control matters being discussed in Geneva right now. I know it is too long, but it is an effort to pull together in one place where we are and they are, so we can see just what the issues are. So I ask you to bear with me and take it as a compliment, as you run out of patience, that we have thought, the President has thought, that this audience was the appropriate one to lay out in a rather painstaking way just what this is all about as we see it.

For 40 years, the Western democracies have wrestled with the problem of relations with the Soviet Union. As legislators, you know firsthand that democracies love peace and really do not like spending money on defense. But you also know how precious freedom and democracy are and, therefore, how important it is that we defend the values that we hold dear. We democracies know that freedom has enemies in this world. But we also know that the purpose of our defensive strength is peace. Therefore, we all conduct foreign policies whose aim is a more positive

and constructive relationship between East and West.

Nearly 2 years ago, President Reagan offered the Soviet Union a challenge to begin building a more constructive relationship. He said:

Our challenge is peaceful. It will bring out the best in us. It also calls for the best from the Soviet Union . . . If the Soviet Government wants peace, then there will be peace.

Since that time, we have made a start. The Geneva and other arms control negotiations are underway. We have initiated a process for discussing ways to defuse regional tensions and manage our competition peacefully. We have urged the Soviet Union to take practical steps to fulfill its international commitments on human rights. We have advanced ideas for expanding contact and interchange between our two societies, to fashion the network of bilateral ties that is a necessary feature of any productive relationship between two countries. These are steps forward, but much more needs to be done. One of President Reagan's major goals when he meets next month with General Secretary Gorbachev is to discuss this entire agenda, giving new impetus to all of these efforts.

Arms control, of course, is a key part of this agenda. It has been a focal point of our alliance deliberations for many years. Allied unity and support are a key to the success of our endeavors with the Soviet Union. And, indeed, Europe's security is one of the principal objectives at stake.

In Geneva today, American and Soviet negotiators are in the middle of a new round of talks. An American proposal for radical reductions in offensive nuclear arms has been on the table for some time. The Soviet Union has recently come forward with—and extensively publicized—a new counterproposal.

Let me review for you today where we stand, the United States and the Soviet Union, on the main issues in arms control.

Our Objectives in Arms Control

Let us start at the beginning. What is it we are trying to accomplish?

The purpose of arms control negotiations is not agreement for its own sake. A bad agreement could do harm. Loopholes could be a source of new mistrust; the structure of limitations could leave one side with special advantages that only leave the other less secure; loose

limits could only legitimize an intensifying arms race in areas left open by the agreement. Saving money on weapons expenditure is, of course, a worthwhile goal, but it is not sufficient or even the main issue.

What we really want, in short, are measures that enhance security and reduce the risk of war. Arms control is not just a technical exercise; it has to be embedded in a policy and in an environment that reduce our real dangers and make the world safer. The rivalry between East and West is not the result of personalities or simple misunderstandings. It is grounded in fundamental moral differences about justice and freedom; it is reflected in political differences over a range of international problems. Weapons are the symptom of this struggle, not its cause. Arms reduction can help reduce tensions; yet expansionist Soviet behavior can so fuel insecurity and mistrust that, at the very least, the arms control process is undermined. Do not forget that it was Soviet geopolitical challenges—like intervention in Angola, Ethiopia, and most particularly Afghanistan—that derailed detente and the SALT II [Strategic Arms Limitation Talks] Treaty in the 1970s.

Preventing a war means addressing not only these political conflicts but also the military postures of the two sides. In the nuclear age, even more than in the past, force structure can shape not only how a conflict might be fought but, more importantly, whether or not a conflict would break out at all. President Reagan's program to rebuild our military strength is addressed to this problem.

The concept of strategic stability is a fundamental one. At various periods in history, war was prevented by a balance of power. The balance was not always stable, but much of the time it worked, deterring attack by denying the attacker his confidence in victory and posing the risk of counterattack. In the age of the ICBM—the intercontinental ballistic missile with thermonuclear warheads—security has had to rest largely on the threat of retaliation, since there has been no defense against these missiles. This form of deterrence—the mutual threat of mass destruction—is what Churchill called the balance of terror.

Is this balance stable? Will it remain stable in the face of the steady Soviet buildup of weaponry with first-strike potential? Or is the balance in danger of breaking down in crisis conditions? This is one of the central issues—if not the

central issue—in arms control today. We cannot afford—as we have been tempted in the past—to assume that the balance is automatically stable. We have come to recognize that the vulnerability of a country's retaliatory forces, in a crisis, could put a premium on striking first, or preemptively, and thus magnify the dangers. Or it could call into question America's commitment to effectively support its allies against Soviet conventional attack.

This is why one of the key tests by which we judge arms control proposals is whether they will enhance strategic stability. The military balance that results from an agreement should be one that reduces the incentive for a first strike. It should enhance deterrence by ensuring that no first strike can succeed, that no one can be tempted by illusions of "victory." A stable environment reduces the incentive to build new weapons and enhances the incentive to reduce the level of arms. It defuses the tension and danger of any crisis that may occur. Thus an emphasis on strategic stability goes to the heart of reducing the danger of the outbreak of war.

We must also remember that the forces of history have cast the United States in the role of the most powerful member of an alliance of democracies. Any agreement we reach with the Soviet Union must enhance our allies' security as well as our own. Since 1945, Soviet military power has cast its shadow over both Europe and Asia; this is a reality, as is the relentless buildup of Warsaw Pact forces, both nuclear and conventional. The Western concept of security, which has kept the peace in Europe for 40 years, is that of a close and permanent link between Western Europe and the United States. The American pledge to underwrite the defense of Europe is given concrete expression in the presence of American forces and American weapons in Europe, which make it a certainty that any Soviet attack on Europe engages us. Thus our strategic forces defend Europe as much as they defend the United States. This is what deters war, and it has worked. Arms control must enhance, not weaken, this dimension of deterrence.

We have other criteria for judging arms control proposals:

- An arms control agreement, to strengthen stability, should be based on equality, leaving both sides with equal or essentially equivalent levels of forces.

- An agreement should emphasize strategically significant reductions. Past agreements only codified existing levels or rechanneled the competition. It is time, now, to reverse the pattern of constant buildup; it is time to begin radical reductions.

- An arms control agreement must be verifiable. The Soviets' selective record of compliance with previous agreements unfortunately makes this indispensable. Radical reductions, in fact, can increase the incentive to cheat, since a balance at lower levels can more easily be tipped.

The U.S. Proposal

The United States has serious proposals now on the table at Geneva. We have been criticized for our restraint in the public relations field. But our proposals were not made for propaganda; they were made to make progress toward these central objectives. Our proposals cover reductions in strategic offensive forces; reduction or elimination of U.S. and Soviet intermediate-range nuclear forces; and a serious dialogue on defensive weapons and the relationship between offense and defense. These issues are being discussed now in the Geneva negotiations in three separate but inter-related forums.

Strategic Arms Reduction. First, in the talks on strategic arms reduction, the United States has proposed radical reductions down to 5,000 ballistic-missile warheads on each side. This represents a cut of nearly 50% from the current Soviet level. We have proposed substantial reductions in the number and destructive power of ballistic missiles, and limits on heavy bombers, on the cruise missiles they carry.

The strategic forces of the United States and the Soviet Union are very different. The great majority of Soviet warheads and destructive power are concentrated on their large, land-based ICBMs. We have a more balanced approach, with as much emphasis on submarine-based missiles and bombers as on ICBMs. The Soviet force is designed for preemption, ours for retaliation. These differences greatly complicate the achievement of an equitable agreement. We are prepared to explore tradeoffs between areas of relative advantage—such as our advantage in bombers versus their advantage in ICBMs—to establish an overall balance.

THE SECRETARY

Our proposal is comprehensive, but its core is a recognition that reductions should focus on the most destabilizing systems. Weapons like large, fixed, land-based ICBMs with multiple warheads, capable of destroying missile silos—these are the most powerful strategic weapons, the most rapid, the most provocative, the most capable of carrying out a preemptive strike, the most likely to tempt a hair-trigger response in a crisis.

The Soviets have over 300 heavy ICBMs; we at present have none. (Our first deployments of MX, a smaller missile but roughly comparable because of its accuracy, will begin late next year.) With their accuracy, destructive power, and multiple warheads, the Soviet weapons are capable of destroying virtually the entire land-based portion of our retaliatory force. For nearly a decade this category of weapons has been, for us, one of the central issues of arms control. One of the odd features of the current debate is that the Soviets would have us believe that this central issue has disappeared. It is as if the threat from these powerful weapons, which already exist in the hundreds, is somehow less important than research into new categories of systems which do not exist, will not exist for many years at best, and will not come into being at all unless research is successful in meeting stringent criteria we ourselves have set.

Intermediate-range Nuclear Forces.

The second negotiation in Geneva is about intermediate-range nuclear forces or INF. This negotiation is taking place because in 1977 the Soviet Union began deploying SS-20 intermediate-range missiles in the western U.S.S.R., aimed at our European allies, and in the Soviet Far East, aimed at our friends and allies in East Asia. Today, there are 441 operational launchers deployed; with three warheads on a missile, that makes over 1,300 modern nuclear warheads aimed at the cities and defense facilities of our friends and allies.

In response—and, I repeat, in response—the Atlantic alliance decided in 1979 that it had no choice but to deploy weapons of its own in this category, as a deterrent, while seeking to negotiate with the Soviet Union on a formula for mutual restraint. The Soviets agreed to talk but have not negotiated on the basis of mutuality. They insisted on their right to a monopoly of longer range INF missiles; they waged an unprecedented campaign

of political warfare to intimidate our allies into retreating from the NATO decision of 1979. Our allies—governments and legislatures—stood firm; NATO Pershing II ballistic missiles and ground-launched cruise missiles began to be deployed in several allied countries in 1983—6 years after the SS-20 deployment began.

The United States proposed at Geneva that we agree to eliminate both sides' longer range land-based INF missiles on a global basis—eliminate. The Soviets refused. Then we proposed that both sides reduce to the lowest possible equal number of warheads. The Soviets still refuse. Our position is based on the principle of equality between the United States and the Soviet Union. And limits must be applied globally, since the SS-20 is a mobile missile and it is not our objective simply to shift the SS-20 threat from Europe to Asia.

The threat of the SS-20 goes to the heart of our commitment to our allies. These are weapons aimed at Europe—although they could be aimed at America. Their purpose is to “decouple,” that is, to separate you from us by intimidating you. The alliance's response is a united response, and a unifying response, in that it symbolizes once again that our destinies are tied together. The principle of collective security is thus confirmed and reinforced. Europe is safer, because deterrence is strengthened.

Defense and Space Arms. The third area of negotiation is that of defense and space arms. But the core issue is the same: the stability of deterrence.

The SALT I accords of 1972 limited antiballistic missile systems and were also a partial first step toward limiting offensive weapons. We continue to comply with them, provided the Soviet Union corrects its noncompliance and negotiates seriously in Geneva. We must remember, however, that those accords of 13 years ago, and the hopes they engendered, were founded on certain assumptions. Developments since then have called those assumptions into question.

First of all, when the ABM [Anti-Ballistic Missile] Treaty was signed, it was assumed that offensive weaponry would be reduced by further negotiations. In fact, offensive weapons proliferated. Each side now—and particularly the Soviet side—has vastly higher numbers than in 1972—vastly higher.

We see the Soviet heavy ICBMs with a first-strike potential. On both sides we see offensive weapons of astonishing accuracy and with multiple warheads. The Soviets are developing two new varieties of ICBMs whose mobility makes them harder to identify and count. If we fail to respond to these trends, at some point in the future they could undermine the military balance on which deterrence is based.

Second, in the ABM Treaty we also assumed that we had set up critical barriers that would prevent any breakout, that is, any sudden and significant expansion of ABM systems in violation of the treaty. In fact, while the United States has dismantled even the one ABM complex that was permitted, the Soviets have taken full advantage of the deployments allowed by the treaty. And some Soviet activities are clear violations, such as the large radar at Krasnoyarsk, which raises a question of whether the Soviets might be planning a nationwide ABM system, negating the treaty entirely.

But technological advance, which helps create these new problems, also offers other possibilities. Methods of defense against ballistic missiles, which were relatively rudimentary in 1972, now offer new hope as a possible counter to the growing offensive threat. What if it were possible, even in this age of ballistic missiles, to block an attack, rather than simply suffer the attack and then retaliate? What if the balance of power could rest more on a mutual sense of security and less on a mutual threat of annihilation? Thus the President's Strategic Defense Initiative (or SDI), a research program to explore promising new technologies. Effective strategic defenses, able to intercept and destroy missiles before they reach their targets, would strengthen security. Even if far less than 100% perfect, such a defensive system would vastly complicate any aggressor's first-strike planning and frustrate any temptation to consider launching an attack.

In an age of anxieties about nuclear weapons, this should provide enormous hope for the future. As former Soviet Premier Kosygin once eloquently stated, an antiballistic missile system “is intended not for killing people but for saving human lives.”

The last few decades' emphasis on offensive strategies reflected the state of technology, not a law of nature. Mutual vulnerability was a fact of life, not a positive virtue. A new strategic

equilibrium based on defensive technologies and sharply reduced offensive deployments on both sides could be the most stable and secure arrangement of all. It cannot be fully achieved without negotiations, and, therefore, we have sought the fullest dialogue on this subject with the Soviet Union—as well as with our allies. In fact, General Abrahamson, director of our SDI office [Lt. Gen. James Abrahamson, Director of the Strategic Defense Initiative Organization], traveled to Geneva to take part in a briefing of the Soviet negotiators on our program, its potential and its prospects.

Our research program is and will continue to be consistent with the ABM Treaty. The treaty can be variously interpreted as to what kinds of development and testing are permitted, particularly with respect to future systems and components based on new physical principles. The treaty's text, the agreed statements accompanying it, the negotiating record, and official statements made since that time are subject to differing interpretations.

Because of the great potential contribution that SDI could make to our security, and because of our interest in a rigorous implementation of the ABM Treaty by both sides, we have devoted much attention to the question of how to interpret the treaty. It is our view, based on a careful analysis of the treaty text and the negotiating record, that a broader interpretation of our authority is fully justified. This is, however, a moot point; our SDI research program has been structured and, as the President has reaffirmed last Friday, will continue to be conducted in accordance with a restrictive interpretation of the treaty's obligations. Furthermore, any SDI deployment would be the subject of consultations with our allies and to discussion and negotiation, as appropriate, with the Soviets in accordance with the terms of the ABM Treaty.

Our policy thus reflects:

- The President's commitment to explore thoroughly the potential contribution of strategic defenses to peace and stability and his vision of a "balance of safety" replacing the "balance of terror."
- Our commitment to pursue the program as currently structured, which is consistent with a restrictive interpretation of our obligations under the ABM Treaty.

- Our judgment that the SDI program, provided that it is consistently funded at the levels required, will be adequate to answer the question of whether a cost-effective and survivable defense against ballistic missiles is feasible.

In sharp contrast to Soviet behavior, our policy of restraint with respect to the conduct of the SDI program demonstrates by deeds U.S. seriousness and sincerity in seeking a more stable international environment.

The American proposals in Geneva are a comprehensive blueprint for reducing nuclear weapons, for strengthening deterrence, and for making the world safer. They are paralleled by other proposals in other forums:

- To strengthen safeguards and controls against the proliferation of nuclear weapons capabilities;
- To ban chemical weapons and to prevent chemical weapons proliferation;
- To stabilize the conventional military balance in Europe, by mutual and balanced reductions of forces, and by measures to reduce the risk of war by surprise attack, accident, or miscalculation, which would give concrete form to a reaffirmation of the principle of non-use of force.

This is President Reagan's arms control agenda—the most comprehensive arms control agenda of any president in our history.

The Soviet Counterproposal

Now we have, at long last, a Soviet counterproposal in Geneva. It could be a step forward and thus, in and of itself, represents a success for our alliance policies. The very fact that the Soviets have offered a new proposal is directly due to the patience, strength, and unity of the Western democracies. We have maintained our principles and our standards, and these, in turn, are carrying us farther than sceptics had believed possible.

Remember that for over a year in 1983 and 1984, the Soviets boycotted any negotiation of these issues. That effort to intimidate the alliance failed, just as their earlier efforts to block INF deployments failed. Continued alliance firmness and unity eventually brought the Soviets back to the negotiating table earlier this year. In these new talks, the Soviets stated in the most general terms that they agreed with us on the importance of offensive reductions. But they

gave no specifics. Rather, they have devoted their greatest effort to propaganda against SDI and held everything hostage to getting their way on SDI.

Two weeks ago, the Soviets did begin to offer specific and detailed ideas about deep cuts in offensive forces. We welcome this. While some of their ideas may indicate progress, altogether the new Soviet position, however, remains deeply flawed and self-serving. It would have a particularly dangerous impact on the security of our allies. Let me touch on the highlights.

The Soviet proposal is a combination of various bans, freezes, limitations, and reductions of some, but not all, offensive forces. Overall, the Soviets propose a reduction by 50% of each side's "delivery vehicles which can reach the territory of the other side." It's their definition.

The hooker is their definition of what they consider "relevant" systems—systems which can strike the territory of the other side. Under their definition American systems in Europe pointed toward the U.S.S.R. are constrained, while Soviet missiles and aircraft aimed at Europe are not. It would imply no necessary reduction of the SS-20 threat (which, incidentally, can reach Alaska) but calls for a unilateral withdrawal of the U.S. counter to that threat. I can think of nothing that would more smack of a U.S.-Soviet deal at Europe's expense, and we won't do that.

This one-sided definition is a step backward. It is the Soviet position of 1969, which the United States and its allies could not accept then or at any time since. It is not reflected in the SALT I accords or in SALT II or in the distinction between strategic and INF systems that was the basis of the Geneva negotiations from 1981 to 1983.

The Soviets also propose to limit what they call "nuclear charges" (that is, warheads and bombs) on strategic forces to 6,000. Of these 6,000 weapons no more than 60% could be on any one component (that is, ICBMs, submarine-launched ballistic missiles, or aircraft). This would limit the number of Soviet ICBM warheads to 3,600—but there is no commitment to reduce their most destabilizing heavy ICBMs, the SS-18s. Thus the Soviet proposal does not directly address the main problem of strategic stability. With deep reductions in U.S. systems, it would add to NATO's vulnerability and increase the significance of the Soviet advantage in hard-target-killer ICBMs.

THE SECRETARY

The Soviets also propose to ban or severely limit all "new" nuclear delivery systems, defining as "new" those systems not tested as of an agreed date. Assuming the agreed date would not be in the past, such a ban would preclude our Midgetman missile—which was recommended, as you remember, by the Scowcroft commission and which would add to stability—D-5 Trident submarine missile, and Stealth bomber. Oddly enough, it would allow the two new ICBMs (the SS-X-24 and the SS-25), the new submarine-launched ballistic missile, and the new Blackjack bomber they are now testing or deploying. It's a hell of a deal.

The Soviet position on INF is not totally clear. But to the extent that they now agree that an acceptable INF accord could be concluded separately—no longer held hostage to SDI and other issues—we would regard it as constructive. And implicit in their new position may be a grudging acceptance of the presence of some U.S. INF missiles in Europe defending our allies.

However, they propose a stop to all further deployments in Europe of intermediate-range nuclear forces. This would halt NATO's INF deployment at about 200 warheads—while they have about seven times as many SS-20 warheads already deployed. And it would permit unlimited new SS-20 deployments against our allies and friends in Asia.

The Soviets also ask to be "compensated" in these negotiations for the British and French strategic nuclear deterrents. This is not only part of their effort to undercut NATO's decision of 1979; it is also an effort to undercut support for British and French nuclear forces. Yet those forces represent those countries' determination to maintain their independence and their control over their own destiny in the face of the nuclear danger. Those independent forces contribute to deterrence and to Europe's security. Of course, in the context of deep U.S. and Soviet reductions, British and French forces could become a relatively larger part of the picture. And both countries have made clear that in that context they would consider discussions of their forces.

The Soviet proposal tabled in Geneva, finally, indicates that all limitations on offensive forces are contingent on banning SDI—banning not only its testing and deployment but also "scientific research." This is rather sweeping. Indeed, it flies in the face of the ABM Treaty, which puts no limits on research.

The problem is that, just as with SS-20s, the Soviets have not yet given up their efforts to keep a unilateral advantage. They want to stop our program while they continue their own program in the same field. Behind the curtain that encloses Soviet society, free from the scrutiny or open debate we have in the West, a major Soviet strategic defense program has proceeded for decades. In the past 20 years, the Soviets have spent about as much on strategic defense—missile defense, civil defense, and air defense—as they have spent on strategic offense. They deploy the world's only operational ABM system and are continuing to modernize it. Their propaganda about the so-called militarization of space rings rather hollow when one considers that they have the world's most active military space program; last year they conducted about 100 space launches and nearly 80% of them were military in nature, while the United States had only about 20 total space launches. The Soviets also have the world's only extensively tested and fully operational antisatellite system. And their own research efforts into SDI technologies—high-energy lasers, particle-beam weapons, radio frequency weapons, and kinetic energy weapons—long antedate our own. Indeed, some of the Soviet scientists most active in signing declarations against our SDI program are themselves the men leading the Soviet military research in the same technologies.

I said it at the United Nations, and I will say it again: the Soviet leaders know full well their own programs in these fields. Their propaganda against American programs is blatantly one-sided and not to be taken seriously.

Aside from the central issues of the Geneva nuclear and space talks, the Soviets have taken constructive positions in some fields and less constructive positions in others.

In the struggle against nuclear proliferation, for example, they and we have worked together well. We welcome Mr. Gorbachev's expression of interest in working with us to check the spread of chemical weapons.

Their proposed moratorium on nuclear testing, however, was aimed more at invidiously publicizing the Hiroshima anniversary than at serious arms control. Let us remember that in 1962, after the Soviets had unilaterally broken an earlier joint moratorium on nuclear tests, President Kennedy said:

"We know now enough about broken negotiations, secret preparations, and the advantages gained from a long test series never to offer again an uninspected moratorium." We have stressed over and over again the crucial importance of improving verification, whether with respect to the threshold test ban or any other more ambitious effort. We have on the table some precise and practical ways to move forward on verification. For example, we have proposed that they send experts to our nuclear test site to measure the yield of a nuclear test in order to provide better calibration of their instruments and thus more accurate verification.

The Soviets are also practitioners of vague, superficially attractive proposals like non-use of force, no-first-use of nuclear weapons, or nuclear-free zones. The problem with such ideas is that they are a kind of escapism—evading the reality of the political problems that give rise to conflict. Peace will ultimately depend on solving the political problems, not on high-sounding declarations. We recall the basic principles of U.S.-Soviet relations in 1972 and the 1973 agreement on the prevention of nuclear war. These accords stated the right principles—particularly the need to forswear the perpetual quest for unilateral advantage. The problem was not the principles but the performance. Soviet calls for the non-use or threat of force look rather unimpressive against the background of events in Afghanistan or Poland.

Prospects

In sum, the new Soviet positions on arms control could be a step forward but do not meet the basic criteria of strengthened stability, equality, strategically significant reductions, and increased verifiability. But we approach this positively. We are now in a new phase of the negotiations in which, if the Soviets are serious, real progress can be made. The President has given our negotiators unprecedented authority to explore ways of bridging differences. Whether or not there is genuine progress before the time of the President's meeting with Mr. Gorbachev, we at least are now both getting down to business.

You hear from the Soviets a lot of talk about the "increasing danger of war." This is propaganda designed to intimidate. Deterrence has kept the peace, certainly in the NATO area. With the

restoration of Western strength in the last few years, the world is really more stable and secure than it has been in a long time. It is when the West is weak that the world is a more dangerous place.

So we will pursue arms reductions, with seriousness and dedication, but also with realism.

We have a complex task. As the President has put it: "We must both defend freedom and preserve the peace."

Morality and Realism in American Foreign Policy

Secretary Shultz's address before the National Committee on American Foreign Policy after receiving the Hans J. Morgenthau Memorial Award in New York City on October 2, 1985.¹

I deeply appreciate this marvelous award because of the greatness of the man in whose honor it was established. My appreciation is doubly reinforced because of the greatness of the man [Dr. Henry Kissinger] who has just made this presentation.

Hans Morgenthau's Legacy

Hans Morgenthau was a pioneer in the study of international relations. He, perhaps more than anyone else, gave it intellectual respectability as an academic discipline. His work transformed our thinking about international relations and about America's role in the postwar world. In fundamental ways, he set the terms of the modern debate, and it is hard to imagine what our policies would be like today had we not had the benefit of his wisdom and the clarity of his thinking.

As a professor at the University of Chicago—and I was once a professor at the University of Chicago and a colleague of his—in 1948 he published the first edition of his epoch-making text, *Politics Among Nations*. Its impact was immediate—and alarming to many. It focused on the reality of so-called power politics and the balance of power—the evils of the Old World conflicts that immigrants had come to this country to escape and which Wilsonian idealism had sought to eradicate.

We must stand true to our principles and our friends while preventing a holocaust."

There is no escape from this dual responsibility. The world we seek is a world of both peace and freedom. Such a world is attainable if the democracies are true to themselves and steadfast of purpose.

¹Press release 246 of Oct. 17, 1985. ■

Morgenthau's critics, however, tended to miss what he was really saying about international morality and ethics. The choice, he insisted, is not between moral principles and the national interest, devoid of moral dignity, but between moral principles divorced from political reality and moral principles derived from political reality. And he called on Americans to relearn the principles of statecraft and political morality that had guided the Founding Fathers.

Hans Morgenthau was right in this. Our Declaration of Independence set forth principles, after all, that we believed to be universal. And throughout our history, Americans as individuals—and, sometimes, as a nation—have frequently expressed our hopes for a world based on those principles. The very nature of our society makes us a people with a moral vision, not only for ourselves but for the world.

At the same time, however, we Americans have had to accept that our passionate commitment to moral principles could be no substitute for a sound foreign policy in a world of hard realities and complex choices. Our Founding Fathers, in fact, understood this very well.

Hans Morgenthau wrote that "the intoxication with moral abstractions . . . is one of the great sources of weakness and failure in American foreign policy." He was assailing the tendency among Americans at many periods in our later history to hold ourselves above power politics and to believe that moral principles alone could guide us in our relations with the rest of the world. He correctly worried that our moral impulse,

noble as it might be, could lead either to futile and perhaps dangerous global crusades, on the one hand, or to escapism and isolationism, equally dangerous, on the other.

The challenge we have always faced has been to forge policies that could combine morality and realism that would be in keeping with our ideals without doing damage to our national interests. Hans Morgenthau's work shaped our national debate about this challenge with an unprecedented intensity and clarity.

Ideals and Interests Today

That debate still continues today. But today there is a new reality.

The reality today is that our moral principles and our national interests may be converging, by necessity, more than ever before. The revolutions in communications and transportation have made the world a smaller place. Events in one part of the world have a more far-reaching impact than ever before on the international environment and on our national security. Even individual acts of violence by terrorists can affect us in ways never possible before the advent of international electronic media.

Yesterday, outside of Tunis, violence struck yet again in the Middle East. In the face of rising terrorist acts of violence against the citizens of Israel, yesterday saw Israel's response in its attack on the facilities of the PLO [Palestine Liberation Organization] in Tunis. Terrorism is terrorism. It deserves no sanctuary, and it must be stopped.

But where do we go from here? Do we go toward more and more violence, or do we go toward peace? I say, it is time to say, "Enough. Enough to violence in the Middle East." We have heard the exclamation point of violence. Let us now follow it with a period, a period that signifies an end to armed struggle and a commitment to find a negotiated way to peace and justice.

Let us reject the radicals and the haters. Let us turn toward and support and encourage those who stand for reason and statesmanship, like President Bourguiba of Tunisia. President Bourguiba leads a country which has long been a close friend of the United States, and he shares our dedication to a more peaceful world. President Bourguiba is, indeed, one of those farseeing and wise statesmen, who was

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among the very first to urge a negotiated settlement of the Arab-Israeli conflict.

And let us rally in support of those who display the courage to move toward peace. We have had, in recent days, intensive talks with King Hussein of Jordan, aimed at our joint goal of advancing the peace process and the day when negotiations can start. We support his efforts. We admire his wisdom and courage and pray that we may soon see the opening of a new chapter in the expansion of the peace process.

And let us recognize a leader whose commitment to peace is unequivocal and beyond question: Prime Minister Shimon Peres. The truth is unavoidable. There will be no justice for the Middle East unless it is understood that there is no military option and that the only road to peace and justice lies through direct negotiations between Israel and each of its Arab neighbors.

In our world, our ideals and our interests thus are intimately connected. In the long run, the survival of America and American democracy is essential if freedom itself is to survive. No one who cherishes freedom and democracy could argue that these ideals can be gained through policies that weaken this nation.

We are the strongest free nation on earth. Our closest allies are democracies and depend on us for their security. And our security and well-being are enhanced in a world where democracy flourishes and where the global economic system is open and free. We could not hope to survive long if our fellow democracies succumbed to totalitarianism. Thus, we have a vital stake in the direction the world takes—whether it be toward greater freedom or toward dictatorship.

All of this requires that we engage ourselves in the politics of the real world, for both moral and strategic reasons. And the more we engage ourselves in the world, the more we must grapple with the difficult moral choices that the real world presents to us.

We have friends and allies who do not always live up to our standards of freedom and democratic government, yet we cannot abandon them. Our adversaries are the worst offenders of the principles we cherish, yet in the nuclear age, we have no choice but to seek solutions by political means. We are vulnerable to terrorism because we are a free and law-abiding society, yet we must find a way to respond that is

consistent with our ideals as a free and law-abiding society.

The challenge of pursuing policies that reflect our ideals and yet protect our national interests is, for all the difficulties, one that we must meet. The political reality of our time is that America's strategic interests require that we support our ideals abroad.

Consider the example of Nicaragua. We oppose the efforts of the communist leaders in Nicaragua to consolidate a totalitarian regime on the mainland of Central America—on both moral and strategic grounds. Few in the United States would deny today that the Managua regime is a moral disaster. The communists have brutally repressed the Nicaraguan people's yearning for freedom and self-government, the same yearning that had earlier made possible the overthrow of the Somoza tyranny. But there are some in this country who would deny that America has a strategic stake in the outcome of the ideological struggle underway in Nicaragua today. Can we not, they ask, accept the existence of this regime in our hemisphere even if we find its ideology abhorrent? Must we oppose it simply because it is communist?

The answer is we must oppose the Nicaraguan dictators not simply because they are communists but because they are communists who serve the interests of the Soviet Union and its Cuban client and who threaten peace in this hemisphere. The facts are indisputable. Had the communists adopted even a neutral international posture after their revolution; had they not threatened their neighbors, our friends and allies in the region, with subversion and aggression; had they not lent logistical and material support to the Marxist-Leninist guerrillas in El Salvador—in short, had they not become instruments of Soviet global strategy, the United States would have had a less clear strategic interest in opposing them.

Our relations with China and Yugoslavia show that we are prepared for constructive relations with communist countries regardless of ideological differences. Yet, as a general principle in the postwar world, the United States has and does oppose communist expansionism, most particularly as practiced by the Soviet Union and its surrogates. We do so not because we are crusaders in the grip of ideological or messianic fervor, but because our strategic interests, by any cool and rational analysis, require us to do so.

Our interests, however, also require something more. It is not enough to know only what we are against. We must also know what we are for. And in the modern world, our national interests require us to be on the side of freedom and democratic change everywhere—and no less in such areas of strategic importance to us as Central America, South Africa, the Philippines, and South Korea.

We understood this important lesson in Western Europe almost 40 years ago, with the Truman Doctrine, the Marshall Plan, and NATO; and we learned the lesson again in just the last 4 years in El Salvador: the best defense against the threat of communist takeover is the strengthening of freedom and democracy. The most stable friends and allies of the United States are invariably the democratic nations. They are stable because they exist to serve the needs of the people and because they give every segment of society a chance to influence, peacefully and legally, the course their nation takes. They are stable because no one can question their fundamental legitimacy. No would-be revolutionary can claim to represent the people against some ruling oligarchy because the people can speak for themselves. And the people never "choose" communism.

One of the most difficult challenges we face today is in South Africa. Americans naturally find apartheid totally reprehensible. It must go. But how shall it go? Our influence is limited. Shall we try to undermine the South African economy in an effort to topple the white regime, even if that would hurt the very people we are trying to help as well as neighboring black countries whose economies are heavily dependent on South Africa? Do we want to see the country become so unstable that there is a violent revolution? History teaches that the black majority might likely wind up exchanging one set of oppressors for another and, yes, could be worse off.

The premise of the President's policy is that we cannot wash our hands of the problem or strike moralistic poses. The only course consistent with American principles is to stay engaged as a force for peaceful change. Our interests and our values are parallel because the present system is doomed, and the only alternative to a radical, violent outcome is a political accommodation now, before it is too late.

The moral—and the practical—policy is to use our influence to encourage a peaceful transition to a just society. It is not our job to cheer on, from the sidelines, a race war in southern Africa or to accelerate trends that will inexorably produce the same result.

Therefore, the centerpiece of our policy is a call for political dialogue and negotiation between the government and representative black leaders. Such an effort requires that we keep in contact with all parties, black and white; it means encouraging the South African Government to go further and faster on a course on which it has already haltingly embarked. The President's Executive order a month ago, therefore, was directed against the machinery of apartheid, but in a way that did not magnify the hardship of the victims of apartheid. This approach may suffer the obloquy of the moral absolutists—of those opposed to change and of those demanding violent change. But we will stick to this course because it is right.

The Importance of Realism

A foreign policy based on realism, therefore, cannot ignore the importance of either ideology or morality. But realism *does* require that we avoid foreign policies based exclusively on moral absolutes divorced from political reality. Hans Morgenthau was right to warn against the dangers of such moral crusades or escapism.

We know that the spread of communism is inimical to our interests, but we also know that we are not omnipotent and that we must set priorities. We cannot send American troops to every region of the world threatened by Soviet-backed communist insurgents, though there may be times when that is the right choice and the only choice, as in Grenada. The wide range of challenges we face requires that we choose from an equally wide range of responses: from economic and security assistance to aid for freedom fighters to direct military action when necessary. We must discriminate; we must be prudent; we must use all the tools at our disposal and respond in ways appropriate to the challenge. Realism, as Hans Morgenthau understood it, is also a counsel of restraint and healthy common sense.

We also know that supporting democratic progress is a difficult task. Our influence in fostering democracy is often limited in those nations where it

has never before taken root, where rulers are reluctant to give up their privileged status, where civil strife is rampant, where extreme poverty and inequality pose obstacles to social and political progress.

Moral posturing is no substitute for effective policies. Nor can we afford to distance ourselves from all the difficult and ambiguous moral choices of the real world. We may often have to accept the reality that advances toward democracy and greater freedom in some important pro-Western nations may be slow and will require patience.

If we use our power to push our nondemocratic allies too far and too fast, we may, in fact, destroy the hope for greater freedom; and we may also find that the regimes we inadvertently bring into power are the worst of both worlds: they may be both hostile to our interests *and* more repressive and dictatorial than those we sought to change. We need only remember what happened in Iran and Nicaragua. The fall of a strategically located, friendly country can strengthen Soviet power and, thus, set back the cause of freedom regionally and globally.

But we must also remember what happened in El Salvador and throughout Latin America in the past 5 years—and, for that matter, what is happening today in Nicaragua, Cambodia, Afghanistan, and Angola, where people are fighting and dying for independence and freedom. What we do in each case must vary according to the circumstances, but there should not be any doubt of whose side we are on.

Our Ideals as a Source of Strength

Over 20 years ago, President Kennedy pledged that the United States would "pay any price, bear any burden, meet any hardship, support any friend, oppose any foe, in order to assure the survival and the success of liberty." We know now that the scope of that commitment was too broad, even though it reflected a keen understanding of the relevance of our ideals to our foreign policy. More recently, another administration took the position that our fear of communism was inordinate and emphasized that there were severe limits to America's ability or right to influence world events. I believe this was a council of despair, a sign that we had lost faith in ourselves and in our values.

Somewhere between these two poles lies the natural and sensible scope of American foreign policy. Our ideals must be a source of strength—not paralysis—in our struggle against aggression, international lawlessness, and terrorism. We have learned that our moral convictions must be tempered and tested in daily grappling with the realities of the modern world. But we have also learned that our ideals have value and relevance, that the idea of freedom is a powerful force. Our ideals have a concrete, practical meaning today. They not only point the way to a better world, they reflect some of the most powerful currents at work in the contemporary world. The striving for justice, freedom, progress, and peace is an ever-present reality that is today, more than ever, impressing itself on international politics.

As Hans Morgenthau understood, the conduct of a realistic and principled foreign policy is an honorable endeavor and an inescapable responsibility. We draw strength from our ideals and principles, and we and our friends among the free nations will not shrink from using our strength to defend and further the values and principles that have made us great.

¹Press release 238 of Oct. 7. ■

News Conference of October 31

Secretary Shultz held a news conference at the Department of State on October 31, 1985.¹

My trip to Moscow is part of a continuing and intensive process to prepare the way for the President's meetings in Geneva with Mr. Gorbachev. Those meetings will provide an opportunity to address a variety of important issues in a businesslike and constructive manner. The goals of the United States are clear.

- We want countries to stop trying to expand their influence through armed intervention and subversion. President Reagan, at the United Nations last week, put forth an initiative for negotiated settlements, withdrawal of

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outside forces, and international efforts to build economies and meet human needs.

- We want to reduce the risk of nuclear war through drastic cuts in nuclear arsenals. Just an hour ago, the President announced that the United States will table in Geneva a new and far-reaching proposal to the Soviet Union

- We want to promote and defend human rights everywhere. We insist that the Helsinki accords and other international commitments be observed.

- And we seek to establish better communication between our societies to reduce the danger of miscalculation and misunderstanding. That is why we are proposing dramatic increases in people-to-people exchanges, programs to share information, and enhanced cooperation in meeting human needs.

These are ambitious goals, and our efforts to reach them will continue. We can have a more constructive relationship with the Soviet Union in which we are better able to resolve outstanding issues but only if the Soviet leaders also want it. The meetings in Geneva can, and we hope will, mark a new phase in this process. We recognize the importance of this event; we are looking forward to it; and we are making serious preparations toward a useful and productive meeting.

Active preparations began in Helsinki July 31 when I first met with Soviet Foreign Minister Shevardnadze. We continued to delineate the key issues and sketch out possible progress when the Foreign Minister visited New York and then Washington, where he met with President Reagan, in late September, and then last week when Mr. Shevardnadze was in New York for the UN ceremonies and again met with the President and with me. In addition, there have been, throughout this period, detailed discussions through diplomatic channels in Washington and Moscow. My meeting in Moscow will be the next step in this process.

We have explored, with great thoroughness, all issues on the agenda—regional issues, arms control, human rights, and bilateral matters. The President is prepared to discuss all these with Mr. Gorbachev in Geneva. The United States has advanced specific ideas in all these areas; the Soviets have offered proposals and ideas of their own.

We will be discussing these ideas in Moscow, both to see if we can advance the work on some questions and to refine the issues for discussion in Geneva.

After 5 years of strengthening our defenses and our economy and conducting a vigorous and confident foreign policy, the United States proceeds on a solid foundation of public and congressional support. We also proceed with the strength that comes from a unified alliance. We have consulted closely with all our allies throughout this process. The President met with allied leaders in New York during the UN ceremonies, and I traveled to Brussels 2 weeks ago for consultations with allied Foreign Ministers. The unity of the alliance gives us strength to move forward. We approach these meetings with confidence, realism, and a constructive spirit.

Q. In what areas, or in what ways, would you say the new U.S. proposal improves on Mr. Gorbachev's proposal or, indeed, improves on the earlier U.S. proposal? And how far away do you believe—do you think—the two sides may be to finally reaching an agreement?

A. The proposals will be tabled in Geneva and be gone through in detail there. And they have been sent by the President to Mr. Gorbachev, and I'm not going to comment on them or bring them out here. I think the appropriate place for them to be discussed is in Geneva, and negotiated about.

We believe that they are important proposals—the “counter-counter-proposal,” you might say. And so, in addition to the content, there is a process of interaction that we hope may lead to something.

Q. May I ask you about some of the other areas, especially human rights? Do you have any indication that the Soviets might be willing to make some gesture in that particular field, such as the release of Mr. Sakharov?

A. We don't have any information beyond what is generally available, but I do understand that Mrs. Bonner will be free to leave the Soviet Union. Whether others will be, in addition to those already out, remains to be seen.

Q. So far every time the subject of the regional issues have been brought up with the Soviets, the Soviets have come back by saying, in effect, “What about Nicaragua?” What is your answer going to be in Moscow to that?

A. I think the answer is, what about Nicaragua? That is, what about the military buildup in Nicaragua? What about the repression in Nicaragua? What about all of the suppression of the church and the freedoms in Nicaragua? What about the subversion of Nicaragua in its neighborhood? And what about the desolation of Nicaragua's economy that's so apparent, and the opposition of people in Nicaragua?

The point is that what the President has offered is a process in which we say—recognizing each case is different, so you can't do the same thing—is a process in which national reconciliation is invited; a moving out of foreign forces is needed for that to take place; where we are willing to talk with the Soviet Union about the exercise of what restraint may be called for in any particular situation; and where we can help the countries involved move themselves into the mainstream of world economic development.

I think that's an inviting and constructive process. We have proposed exactly that to Nicaragua some time ago, and the idea of a church-mediated process of national reconciliation, which was offered to them by their resistance, they have declined. But we think it is a good proposition and promising. Ambassador Shlaudeman [Ambassador at Large and special envoy for Central America], once again, offered that through Ambassador Tunnermann [Nicaraguan Ambassador to the U.S.], and again, unfortunately, they've declined. But I think it is a proper way to move out of the processes of conflict and into something more constructive.

Q. Are you in any sense concerned that many people may see the presummit period as, really, an exercise on both sides in public propaganda rather than a serious effort at seeking agreements? And I ask the question because there have been, as you know, a whole series of leaks in the American press; there are leaks from the Soviets which are very unusual; there's the President today at three o'clock, you at four o'clock. Are you, in any sense, concerned that the wrong impression may be getting out?

A. Quite to the contrary. We are working very hard in a most serious way in the preparations for this very important meeting. My purpose here, in this opening statement, was to set out for you a kind of description of what we're trying to do and how we're going about the preparations so that people could see that.

I do think that leaks are most unfortunate, and I'd have to tell you that comparing my experience in government this time with the last time, this situation is much worse in our government and it's quite debilitating, and I wish I knew what to do about it.

Q. What can you tell us about the reports concerning a spy and dissident exchange that's being organized by the United States, the Soviet Union, and West Germany?

A. If there is such a thing, I know nothing about it. I don't think there's anything to it.

Q. There are reports that the Soviet Union has already given to you the draft of an agreement in principle on arms control issues that it would like to see emerge from the summit. Is that true, and is it something that this government is now considering agreeing to?

A. As I said, we've discussed all of the areas, and we have discussed the question of how to, in a sense, report whatever results there may be from the President's meeting with Mr. Gorbachev. There hasn't been any decision made about how to do that.

Insofar as an agreement in principle is concerned, of course, that isn't possible at this time because we don't have any such agreement. We'll have to see what takes place in Geneva, in the back-and-forth exchanges which are going on there.

Q. Earlier in your statement, you suggested that what you have going now is a process that could lead to something, and you were referring to the give-and-take on the arms control proposals and counter-proposals. Is that process, in your view, something that could lead to an agreement in time for the summit on arms control, or were you suggesting that this may only lead up to the meetings and then may go back to a much more slow, deliberate process after the summits are over?

A. I'm only saying—it's an observation, really—that there is more of an atmosphere of exchanging views on these subjects back and forth than there has been in a while. That's not just my opinion, but I was interested in meeting with members of the Senate observer group who were in Geneva recently—came around and we talked last night. That's kind of the impression they have. So I think that's good. Whether it will lead to anything remains to be seen. It can only lead to something if there are real changes in peoples' positions.

Q. Are you suggesting that there is no public relations struggle going on between our President and Mr. Gorbachev leading up to the summit, that Mr. Gorbachev is not making public relations moves which are designed to make our allies, at least, a little bit uneasy?

A. There's always a public dimension to events like this, and I think it's very desirable, particularly so for countries like ours, which are open and where people have to support broadly what the government is doing. And, for that matter, if Mr. Gorbachev wants to compete for attention of our people, I say welcome. He'll find that the American people are very sensible and quite capable of picking things apart if they don't make sense, as I would say our press is. So that's fine.

As far as we're concerned, though, as the President is going about this, it's not a propaganda game. It's a question of working with our allies, working with our Congress—Senate and House—and letting people see what is taking place. I think, in effect, the substantive side of it, and the seriousness with which we are going about this, is probably the best kind of public information there is.

Q. At San Francisco, you said that the ABM Treaty would be defined in its more narrow interpretation, or would be followed in its more narrow interpretation. Since then the President has used the phrase "research and testing" in connection with SDI [Strategic Defense Initiative]. Is there any inconsistency between those two positions?

A. No.

Q. Can you say what "research and testing" means compared to "research" only?

A. "Research" is a term that doesn't involve simply using your thought processes but trying to understand whether or not the principles that you conceive of will actually work. But there are all sorts of ways and things that one might test, and so there are distinctions to be drawn. There isn't any inconsistency at all. The definition that the President has used is the definition under which the SDI program was designed, and I think perhaps the most authoritative report on that is the March 15 Defense Department report that encompassed that definition.

Q. Do you see any usefulness in Geneva in coming to some common understanding of what the ABM Treaty permits and does not permit in such a way that both nations could reaffirm their full adherence to the ABM Treaty? Is that going to be one of your goals at Geneva?

A. Certainly we feel that there are violations of the ABM Treaty on the part of the Soviet Union. The most notable one, of course, is the Krasnoyarsk phased-array radar. We have called attention to that and called attention to that, and we believe that the erosion from the assumptions and the propositions put forth in the ABM Treaty is something that needs to be stopped and the conditions that were envisaged at the time put back into place. So, certainly, we'll continue to drum on that.

Q. The Soviets seem to have made a claim that their top priority at the summit is arms control and a statement of principles, if that is possible. Is this also the top, very top, priority of the United States for the summit? And from what you know now, what are the chances that such a statement of principles actually could be achieved?

A. There are many issues, and they're intertwined. I need only remind you that President Carter withdrew the SALT II Treaty from consideration by the Senate when the Soviet Union invaded Afghanistan. So I think that the

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necessity for looking at the things involved in our relationship broadly is quite clear. Arms control is very important. It gets a tremendous amount of attention from our government, and it certainly will be a topic of key consideration in the President's meeting in Geneva. But so are other things important—the regional issues of which I've spoken, the human rights problems, and for that matter some of our bilateral issues.

Q. On the regional issues, how much weight do you think will be placed at the summit on discussions of a Middle East peace process? What might the United States propose? And do you foresee a scenario wherein the Soviet Union might participate in an international peace conference?

A. We think that the way to go in the Middle East is not a big conference but direct negotiations between Israel and Israel's neighbors. So that's what we have been struggling to help bring about.

King Hussein has spoken about the importance of—I think his words are—"appropriate international auspices," and Prime Minister Peres has picked up on that. But it's still not clear just how to define "appropriate international auspices." But however it's defined, the name of the game is to get to direct negotiations, and that's what we are seeking, and we're prepared to explain that and why. I don't know how much time will end up being devoted to Middle East issues. But, obviously, it's an important set of subject matters.

Q. In view of the events of recent weeks, do you still see the PLO [Palestine Liberation Organization] ultimately as being a viable partner in that process?

A. The PLO has been involved in recent weeks, as in the past, in acts of terror and violence. I don't see how those who are perpetrating terror and violence against one of the parties deserves a place at a peace table. So those who are ready to sit down with

Israel and try to work out peace, those who accept Resolutions 242 and 338, and those who are prepared to stop the so-called armed struggle deserve a place at the peace table—whatever their label may be—and those who aren't willing to do that don't deserve a place, in my opinion.

Q. A few moments ago you mentioned that President Carter had withdrawn the SALT Treaty because of the Soviet invasion of Afghanistan. Are you saying that it's not possible to reach an arms agreement or make significant progress on the arms agreement unless the Soviets pull out of Afghanistan?

A. I'm not saying that, but I am saying, and using that example to show it, that we are talking about a broadly interrelated set of matters here, in which there is not necessarily close total linkage but in which there is a certain inevitable interplay. It's difficult to have confidence as you move ahead in one area unless there is some reason to have some confidence in other areas.

Q. You said that you understood that Mrs. Bonner was leaving. Was your understanding based on some official word from Soviet competent authorities, or was it just Victor Louis' statement?

Secondly, you talked about, in the bilateral field, proposing large-scale exchanges of peoples. Is that cultural exchange close to being completed? Could you kind of get over the last hurdles, or are there some really key issues that are blocking it?

A. On the first question you asked, my statement was based on what I had been told by a Soviet official.

Insofar as the second one is concerned, we still have some problems with the exchanges agreement and things that we feel are necessary, and we have made that clear to the Soviet Union. I think both parties seem to want to see something like that agreed to, and we will push it some more. But it has not yet been agreed to.

Q. The subject of the Philippines: In recent weeks, the Administration has used increasingly tough language to describe your view of what is going on in the Philippines. Even more recently, a member of the Senate said that we cannot allow to happen in the Philippines what happened in Nicaragua, that the United States will have to intervene in some way. Can

you give us your assessment of where we stand now with the Philippines? And is the United States willing to use other means than we have already used to help bring about a change?

A. We are in close contact with the Government of the Philippines and also various democratic opposition groups. We are trying to help as we can, and as is appropriate, and as we are able to, to help the Philippines have a greater professionalism in their armed forces, to have a more market-oriented pattern of economic development, to have in place a political process that lends legitimacy to its outcome, and, through all of these things, to be sure that the Philippine Government is able to handle the NPA [New People's Army] insurrection.

Those are the things that we're trying to do, and obviously, the United States can't do everything, but we want to help in those directions. And in trying to do those things, as I say, we have had many conversations with President Marcos and others in authority in the Philippines, and we also are in contact with the various opposition groups.

Q. It's been reported in the past few days that the Soviet Union has proposed, with regard to the radar that you mentioned awhile ago, that they would halt construction, or stop work on that, if the United States would take certain steps with regard to radars that we have in other parts of the world.

Do you think this kind of relationship between one set of radars and another set of radars is a proper one? And would the United States, in any case, be satisfied in its complaints if the Soviets were to halt work at this particular stage of their construction of the radar?

A. I don't want to comment on particular proposals that are being exchanged, but I will say this. The radars that we are working on are all consistent with the ABM Treaty—there is no violation of the treaty involved in the modernizations that we are undertaking. We believe the Krasnoyarsk radar is a radar more or less identical with one that is properly in place in Moscow—a phased array radar. The Krasnoyarsk is identical with it; it is located inland against the provisions of the treaty; it is pointed inward. And so it is potentially a part of a national, antiballistic missile defense system, and thereby prohibited by the treaty. That is what we said, and that is what we believe.

The radar has advanced very considerably in its construction process to the point where probably a vast proportion of the work yet to be done would be done undercover. So in order to know whether or not activity has literally stopped at that radar, either things that are not exposed now would have to be exposed or you would have to be able to see what is going on undercover.

Q. Do you believe that it's possible to reach a separate agreement on medium-range forces on the basis of, or with some modification of, the Soviet proposal that has just been made at Geneva? Can there be a separate deal? And can that be separated out to encourage progress in other areas?

A. Certainly possible. Whether it's probable is a question. But we believe, of course—and this was discussed in Geneva when Mr. Gromyko and I met there last January as we established the three negotiating groups—that negotiation should go forward in each. If agreement were reached in any one of them, then the question should be considered whether that agreement should literally go forward or whether it should be held in its relationship to other parts of the total negotiating process. In our judgment, it should be possible if agreement is reached in INF [intermediate-range nuclear forces] negotiations, to go forward with it. We wouldn't have any problem with that. Whether the Soviet Union would agree to that or not remains to be seen, although certain aspects of their most recent proposal suggests they might be.

Q. Some conservative friends of the Administration are dissatisfied with the way the case involving the Soviet sailor was handled. Are you yourself pleased with the way it was dealt with?

A. I think it was handled well. It was unfortunate that he was returned to the ship, in the first place, before he was properly interrogated. However, we went to the Soviet Union, and we insisted that he be placed in an environment outside the control of the Soviet Union—in a nonthreatening environment where it was clear that if he chose to stay in the United States, he could do so; there wouldn't be any way in which they would be able to compel him not

to. And after a considerable period of negotiation, they agreed to that, and he was placed in such an environment, as you probably know.

He got sick early in the process of interrogation, and so he was placed in another setting, allowed to sleep, and then when he was awake and had had a meal and had a chance to settle down a little bit, he was interviewed properly, and I might say with an interpreter who spoke both Russian and Ukrainian. His response was very clear that he wished to go home. Under those circumstances, I think to hold him against his expressed will would have been a great mistake, and so we didn't do that.

Q. Everything you say has been put on the record, but there's a growing body of evidence that Mr. Medvid was, in fact, forced back or intimidated into returning to the ship—and this includes a statement by a Ukrainian-speaking woman who claims that Medvid told her that he wanted to stay in the United States. Of course, the scenario that you've just described—the nonthreatening environment—was taken after he could have been given drugs and without positively identifying the fact that it was the same man who was being interviewed who had jumped ship originally.

Now, a number of congressmen have written the Attorney—

A. Wait a minute. Do you have a question or are you making a speech, or what? What is your question?

Q. Are you prepared to further delay this man so that he can be assured due process in front of a U.S. magistrate, as several Congressmen have suggested to the Attorney General?

A. There hasn't been a "growing body of evidence," to use your words; there have been a lot of statements made based on no evidence.

As far as identification of Medvid is concerned, we had pictures in his passport; we had a picture taken by the INS [Immigration and Naturalization Service] agent; and we had the presence of an INS agent who saw him in the first place, so I don't think there is any problem about identification.

As far as the problem of being drugged is concerned, of course, when

he became ill, we felt that it was important to stop the process and allow him to sleep it off. And then after all of that had happened, in a nonthreatening environment—which was provided—to allow him to express his desires, and he did express his desires, and there's no question about it.

Q. In all fairness, how can you say it's a nonthreatening environment if two Soviet officials are present?

A. The nonthreatening environment is defined in part by the fact that Soviet officials would not be able to do anything about it if he decided to come to the United States.

Q. Why not then have a hearing?

A. And so, if he were to have made that decision, then that would have been the end of it, and the Soviet officials wouldn't have been able to do anything about it.

Q. I wanted to follow up on the Philippines. We have two bases there of tremendous strategic importance. What, besides talking, are we willing to do to keep those bases? And would you please try to gauge the impact their loss might have?

A. The two bases in the Philippines are of immense strategic importance to us, to the Philippines, and to all of our friends in the area, and so we put a high value on them. Obviously, we have had base negotiations, and we have an arrangement under which we're there, and we pursue that. We think, obviously, that having a stable government in the Philippines is very important to the stability of those bases. So we are doing all of the different things that I've talked about, which is not just talk. There are funds involved; there are all kinds of tests involving IMF conditions and so forth that are at play here.

So it is a matter of great importance to us to have a stable, open, and democratic government in the Philippines, and to have those bases remain as they are—a vital part of the U.S. security system.

Press release 253. ■

Mr. McFarlane's Interview on "Meet the Press"

Robert C. McFarlane, Assistant to the President for National Security Affairs, was interviewed on NBC-TV's "Meet the Press, on October 6, 1985, by Marvin Kalb, NBC News; Robert Kaiser, The Washington Post; and Robert Novak, syndicated columnist.

Q. You have had in the Administration about a week now to study the new Soviet arms control proposals. Do you feel, on the basis of this study, that there is, in these proposals¹, an acceptable basis for getting an arms control agreement, perhaps even a framework for one at the summit?

A. I think that any serious observer acknowledges that it is a starting point. I doubt that even the Soviet Union pretends that this is an equitable basis for an outcome. They seem to have two motives—to terminate the U.S. strategic defense program while their own continues, and secondly, to drive wedges between ourselves and our European allies. But they're at the table, and we've begun. Where it will lead is hard to say. We hope, President Reagan hopes, that we can establish a framework that will lead us to an equitable, fair, verifiable outcome.

Q. A question that I've heard asked this week by a number of people is, why should the United States not accept a 50% cutback in long-range offensive missiles, something which exists on both sides, in exchange for what is, by your definition, only a research program, the strategic defense?

A. First of all, the proposal is not 50% of offensive, strategic missiles. It is 50%, counting U.S. systems, of not only strategic but of medium-range systems, of aircraft, of carrier-based aircraft, and of systems that don't have any relevance to the strategic equation. In addition, it excludes, on the Soviet side, 1,000, or actually over 1,300, warheads on SS-20s that threaten our allies. In so many words, it says that it's all right for the Soviet Union to threaten Europe, but it isn't all right for Europe to defend itself.

In a nutshell, it requires the United States to choose whether we will defend our allies or we will defend ourselves, for in the limits they propose you

couldn't do both. One of my colleagues at the Defense Department had a pithy summing up and he said that Mr. Gorbachev is telling us, if you will get rid of your defense I will get rid of your offense.

Q. Something that hasn't been made clear to me at least is, quite apart from their demand to junk the Strategic Defense Initiative (SDI), just if they were offering the so-called 50% proposition by itself, would that mean that we would be stronger in relation to the Soviets, or weaker, if we accepted their deal?

A. It would be much weaker, and the situation would be much less stable. What do I mean by that? In a nutshell, whether an outcome is better, or worse, is measured by whether the Soviet Union is more or less able to execute a first-strike against the United States, or not. Now under even the most conservative estimates of how the proposal would translate to what we call the warehouse target ratio, it gets far worse—that is, the number of weapons that they can apply to our hard targets, today being "X", and becoming far worse under the new—

Q. The existing number of Soviet warheads is about 6,400 on ICBMs [intercontinental ballistic missiles], targeted against 1,000 U.S. ICBMs. That's about 6 to 1, that ratio. The Rand Corporation has done calculations here, showing that if you got a 50% deal, obviously depending on negotiations, it would come down to 3.4 to 1 or even less. How can that be a worse ratio? I don't follow your reasoning.

A. Those calculations were done without trying to figure what is required of the U.S. force structure in return. When you look at our force structure, corresponding to the 3,600 warheads, for example, you find that we have a much smaller target base than they have to deal with today, and so even a conservative estimate would place that ratio much higher than it is today.

Q. No, it's my understanding that we could keep a thousand missiles in the ground, or something very close to it, and accept the Soviet proposition, even in its first version, as offered. Is that wrong?

A. You're just wrong about that. We would have to do that if we so chose, at the expense of virtually all of our forward-based systems, and submarines and bombers, and so this would not be a sensible way to array our forces for deterrence.

Q. On the forward-based systems that they're demanding—our bombers, the U.S. missiles in Europe—isn't this a reversion to the Soviet position of 1972, before Kissinger got them to back down on it? Isn't this moving backward for the Soviets?

A. If it were the outcome, yes, it is.

Q. I mean the proposal moving backward. Aren't they going back from an area that they'd previously been in?

A. In that respect they are, yes.

Q. I asked the other day, on Friday, Paul Nitze whether he felt that the Soviet Union was seeking the capability for a "first-strike" against the United States?

A. I think surely that they have gone for the first-strike capability. That is different from saying that they intend to execute a first-strike, for if you have the capability, you then are able to coerce or blackmail our behavior during a crisis, without firing a shot. But yes, the capability is their objective.

Q. Do you feel that what they are trying to do, then, is to put themselves in a position where they can blackmail the United States but not really seek to strike at the United States?

A. That's right.

Q. How do you have a first-strike capability against a country which maintains so many nuclear weapons on invulnerable submarines at sea? I don't understand this, and we keep hearing about it. We could always strike back; we could always destroy the Soviet Union. How could they think they had a first-strike capability?

A. Basically, if they are able, in their first attack, to leave you with options that are infeasible or unlikely, then they will have succeeded.

Q. This means you're assuming that some American President would get hit by a huge attack, look at the options and say, well, I have to do nothing. I can't strike back and destroy the Soviet Union. Is that the idea?

A. I think it is probably imprudent for me to be stating publicly what a president might or might not do, but I think, if he is left with no choice except to initiate mutual suicide, or to surrender, that's not much of a choice, and he would be far better off if he had survivable systems that were able to deal with Soviet military systems, not the Soviet people. We have no quarrel with the Soviet people.

Q. But to ask us to believe in this first-strike threat, you're asking us to believe that a Soviet leader could calculate that, yes, I've got the drop on them, they wouldn't dare shoot back all those thousands of weapons they would have in reserve, they just would stop the war after this first-strike. That just seems to me, as a politician, an improbable decision for a Russian leader to make, in counting on the chicken-heartedness of the American President.

A. I think that for you to say that there is no importance to a dramatic difference in force balance is to ignore the history of the late 1970s when the Soviets were no longer strategically inferior. It altered their behavior, and they began to move through surrogates—through Angola, Ethiopia, South Yemen, Afghanistan, Indochina, Nicaragua. In short, there is a correlation between the power imbalance and the behavior of people. Now to say that would translate tomorrow, or the next day, to a coercion of the United States itself, is a long leap, but one shouldn't dismiss it.

Q. I wonder if you could try to clear up something that puzzles a lot of people around the country. The President says that the Strategic Defense Initiative, which Teddy Kennedy calls "Star Wars," is not a bargaining chip, that this is something for our protection and he's not going to bargain it away. And yet, in this morning's *Washington Post*, we have White House officials saying that "he"—meaning the President—has left running room on this issue, and there is an implication that many of these White House officials, including you, Bud McFarlane, really do consider this a bargaining chip. What's the truth on this?

A. First of all, it ought to be clear that this past week I have insisted that my staff, in no sense, on any occasion talk to any reporter about this issue, and they haven't. So there's a lot of uninformed comment coming out of the White House.

Q. You're not saying that Lou Cannon, the respected White House correspondent for the *Washington Post*, has made up these quotes by White House officials are you?

A. I'm saying that it is one thing to speak knowledgeably about what is the President's policy. I'm sure Lou didn't talk to the President, for the President's made it very clear, publicly, that his objective here is to provide for a safer world, both for us and the Soviet Union, and our allies, and all of mankind. He is posing the question, "Is it feasible for us to move away from exclusive reliance upon nuclear power and toward greater reliance on non-nuclear defensive systems?" He intends to pursue that through a vigorous research testing program, which is clearly consistent with the ABM Treaty.

Q. Picking up the point of Mr. Novak's question, whether SDI is or is not a bargaining chip, it seems that every single large American weapons system breaks down into research, development, and deployment. The President is saying that, in terms of research, he is also talking about research and testing. The Russians consider that testing is part of development. Is there not in there some area for potential compromise, if in fact, both sides are seeking an agreement that embraces SDI?

A. I think that the President is guided by the ABM Treaty, and the terms of that treaty are very explicit in Articles II, III, IV, and V, plus Agreed Statement D. They make clear that on research involving new physical concepts, that that activity, as well as testing, as well as development, indeed, are approved and authorized by the treaty. Only deployment is foreclosed, except in accordance with Articles XIII and XIV. So our program is compatible with the treaty and will remain so.

Q. Doesn't the treaty also talk about development?

A. The treaty does, indeed, sanction research, testing, and development of these new systems.

Q. Only by mutual agreement, though. It says that there should be negotiated introduction of new exotic technologies.

A. Their development should be negotiated in accordance with Articles XIII and XIV.

Q. But the treaty, it seems to me, would also be clearly read to say any testing of a space-based antimissile system is clearly forbidden. It says that very explicitly, doesn't it? Article IV?

A. The Agreed Statement D, which is compatible with the other terms of the treaty, provides that research on new physical principles or other physical principles is authorized as is testing and development.

Q. I thought it said it should be the subject of mutual consultation.

A. Now what you're referring to, in [Articles] II, III, and IV are components that are defined in the treaty as missiles, launchers, or radars. Now we're not talking here about missiles, launchers, or radars.

Q. You're going into the summit where you're saying this is not a negotiable item. I could return to this morning's *Washington Post* story, when you have White House officials quoted as saying it is. What kind of bargaining position does that leave you in? Haven't you given away a lot when you have your own officials saying, yes, we can give away SDI?

A. The President of the United States speaks for this country. President Reagan has made very clear that he believes—I think he's right—that defensive research, testing, to determine whether these systems can lead us away from nuclear weapons is a matter of first and enduring priority for him, and I don't think anyone, not the Soviet Union, or the American people are dissuaded by what—

Q. Let me ask you this. Quoted in this story is Michael K. Deaver, the former Deputy White House Chief of Staff who is now a public relations man in Washington, and it says, and I have heard this previously, that he has been brought into the White House to advise on the PR on the summit. Is he advising you on what positions to take at the summit? Is that his role?

A. I think, first of all, that I would welcome Mike's counsel on how this meeting can best fulfill the President's goals for it. He knows the President

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quite well. I understand that Mike has met with others in the White House, and I think that is a very welcome contribution. So I'm not inhibited at all about that. I think that you may be wrong that that article quotes him as saying that it is a bargaining chip, I think—

Q. It quotes it elsewhere in the article though, so there was some supposition—

Q. Can we get back to the offer itself, where you started? Here you've been looking for deep reductions ever since you've been in office, this Administration. The Russians come along, admittedly in a one-sided way, but they say, yeah, let's cut it by half as a starting point. Here you are sitting around picking the holes in their starting point, and we all know that negotiations start one place and likely end up another. Why aren't you applauding the fact that the Russians have finally seen it your way, have agreed on the need for 50% reductions, and why aren't you taking them up on this in an aggressive way? It seems to me that you won. Why can't you declare a victory?

A. I do applaud the commitment to reductions, and I don't mean to be frivolous about that. There are elements in that proposal that we find a very constructive beginning, but not an end. I don't need to be negative on the process which has now begun in earnest, and the President's very committed to getting as much out of it as we can.

Q. But clearly, if you want to proceed with it, you are going to have to accept what seems to be the Russians' absolute minimum requirement—some control on the testing and deployment of SDI. Otherwise, there would appear to be no basis for a continuing negotiation. Is that right?

A. I don't think so. There is no internal logic to that position. We've been trading offense for offense for years and that is a reasonable thing to do. After all, these are systems which exist; defense doesn't, except on the Soviet side. Now there is a basis for an outcome that takes the offense down lower, and the Soviets apparently agree on the need to continue defensive programs since they have such a big one going already.

Q. We have been talking about arms control on this program. That's all anybody is talking about. There is no conversation about the Soviet

outrages in Afghanistan, Soviet violation of human rights, Soviet meddling in Central America. You people are quiet about that. Haven't they won the propaganda war leading up to the summit?

A. Not at all, I'm glad you raise this issue, because if, indeed, as President Reagan wants, we're going to establish a stable basis for U.S.-Soviet relations to the 21st century, it's got to deal with these kinds of issues—regional disagreements, human rights issues, and other bilateral issues which are probably—transcend in importance the arms control issue.

Q. Has the Israeli raid against PLO [Palestine Liberation Organization] headquarters in Tunisia badly damaged, badly hurt America's interests in the Middle East?

A. I think that that's not accurate. I think that what we have seen as terrorism escalated through a cycle of action and reaction, to an intolerable state, it is understandable and I expect that it is sobering. That sobering effect will be perhaps some retrenchment by all parties, but I think that the commitment to peace that is evidenced by King Hussein, by Prime Minister Peres, will be renewed and can achieve some milestones of progress within a month's time. President Reagan's committed to that.

Q. Within a month's time? What's supposed to happen within a month?

A. I think that depends upon things which happen within Jordan and in Israel, but behind the scenes, we think that there is the possibility of making some headway before long.

Q. How do you think President Bourguiba and his government in Tunisia felt, after having been asked by the United States to give sanctuary to the PLO, after being brought into the Western setup, they are attacked by Israeli warplanes and the White House spokesman says that's okay. How do you think he feels about being a friend of the United States?

A. I think President Reagan's support for, friendship for President Bourguiba and Tunisia, and clearly, his knowledge of the threats that they face from neighbors, is firm and enduring. As a separate matter, there is a terrorist headquarters in Tunisia, and recently, the PLO has fomented violence against Israel, off its coast, at Larnaca, off Cyprus, clear, unidentifiable, unam-

biguous linkage between the PLO and that violence, and it led Israel to respond.

Q. So you're saying it's okay?

A. No, I'm saying that it doesn't reflect any animus or alteration in our support for Tunisia. I'm saying that terrorism is bad; violence is bad. It damages the peace process, and we have to stop it. But we have to parse these issues and separate terrorism from other relationships.

Q. You were talking about something developing, possibly in the Middle East, within a month. Are you making reference there, indirectly, to the United States sitting down with a joint Palestinian-Jordanian delegation and, in that way, advancing the peace process?

A. No, but I wouldn't describe on this show exactly what we have in mind. It'll involve cooperation with both Jordan and Israel. It has to.

Q. Do you envisage, then, the possibility of Jordan sitting down with Israel and the United States, excluding PLO elements in a Palestinian delegation?

A. I don't think it's prudent to comment on what formula can lead up toward direct negotiations, but the President wants us to continue to try.

Q. Putting formulas aside, are we talking in general about that concept? That is the next step, is it not? That's what you are referring to?

A. The next step is anything that can foster the arrival at direct negotiations, as soon as possible. What that step is, could take many forms.

Q. Is the hostage, William Buckley, alive?

A. We have no independent basis for confirming or denying the press reports. ■

The Soviet Arms Control Counterproposal

by Paul H. Nitze

Address before the American Defense Preparedness Association on October 24, 1985. Ambassador Nitze is special adviser to the President and the Secretary of State on arms control matters.

Three weeks ago, at the nuclear and space arms control talks in Geneva, the Soviet Union presented a counterproposal in response to the detailed proposal for offensive arms reductions introduced by the United States last March. Since then, our negotiators in Geneva have been exploring the details of this counterproposal to the extent that Soviet negotiators have been willing or able to provide them. Although there are questions yet to be answered regarding the counterproposal, we have been able to reach initial conclusions. I will review those conclusions with you today.

Description

The counterproposal consists of various bans and freezes, as well as limitations on, and reductions of, offensive forces. The Soviets propose a reduction of 50% of each side's "strategic delivery systems," that is, strategic missile launchers and aircraft, as they define such a category of systems. The remaining forces would also have to take account of the Soviet-proposed bans and freezes.

The 50% reduction as such does not apply to warheads. The Soviets propose a ceiling of 6,000 on what they call "nuclear charges" on the delivery systems remaining after their proposed reductions, bans, and freezes have taken effect. They further propose that no more than 60% of the thus-permitted "charges" be on any one component, that is, on ICBMs, SLBMs, or "delivery aircraft." This would limit their permitted ICBM RVs to 3,600. Each side would have freedom to structure its permitted forces as it sees fit within the constraints of this "60%" rule.

Among the Soviet-proposed bans is a ban on all long-range cruise missiles, including ALCMs, SLCMs, and GLCMs (in the past they have interpreted "long range" to cover those cruise missiles with a range greater than 600 kilometers).

Further, the Soviets propose to ban or severely limit all "new" nuclear delivery systems, defining as new types those systems not tested as of an agreed date. Assuming the agreed date would not be in the past, such a ban could include Midgetman, D-5, and the advanced technology bomber, while it would exclude their SS-X-24, SS-25, and SS-NX-23, and the Blackjack bomber.

In the INF area, the Soviets propose to stop all further deployments in Europe of what they call "medium-range" missile systems. This would halt our LRINF missile deployment at a point where there is a significant imbalance between U.S. and Soviet LRINF missile warheads, with the Soviets retaining many times the number of such warheads as the United States.

The Soviets propose that the sides refrain from deploying any nuclear arms to states where none now exist and refrain from building up stockpiles, or replacing nuclear arms with new weapons, in countries where such weapons are already deployed. This is aimed directly at prohibiting deployment of LRINF missiles in the Netherlands, stopping further deployment in the other basing countries, and precluding the modernization envisaged in NATO's Montebello decision regarding the reduction and modernization of NATO's tactical nuclear weapons.

On the defensive side, the Soviet negotiators have proposed the banning of development, "including scientific research," testing, and deployment of "space strike arms." As a first step,

they propose a suspension of all work on "space strike arms." This proposal appears to be in contradiction with General Secretary Gorbachev's indication that fundamental research and laboratory research are permissible and will continue on both sides.

The Soviet-proposed ban on "space strike" arms does not appear, as previously, to be an absolute precondition to detailed negotiation on the START and INF issues. The Soviets indicate, however, that "agreement" on other subjects (except possibly for some interim INF agreement) would be contingent on "agreement" to a ban on "space strike" arms.

Assessment

One of the principal problems with the Soviet counterproposal is hidden in their definition of "strategic delivery systems." That definition would include those systems, and only those systems, that, by virtue of their location, can "strike the territory of the other side."

This definition goes back to the Soviet position of 15 years ago. Neither we nor our NATO allies could accept it then or at any time since then. It was not reflected in SALT I or in SALT II or in the distinction between START systems and INF systems which was the basis of the 1981-83 Geneva negotiations. We and our allies have always successfully and justifiably maintained the distinction between systems of intercontinental range—i.e., ICBMs, SLBMs, and heavy bombers—on the one hand, and intermediate-range systems—i.e., INF missiles and aircraft—on the other.

The effect of the Soviet definition would be to include within "strategic" limits three categories of U.S. systems while excluding comparable Soviet systems. The first of these is U.S. longer range INF missiles in Europe. The deployment by the United States of LRINF missile systems was mandated by the 1979 NATO decision that, in the absence of an equitable arms control agreement, there would be no other way to counter the growing threat presented by the deployment of Soviet SS-20s and similar systems. Since the Soviets claim the SS-20 cannot strike the United States from its bases, application of the Soviet definition would entail no reduction in the SS-20 threat to European NATO but would entail a radical and unilateral reduction of the NATO counter to that threat.

Acronyms

ABM—Anti-Ballistic Missile Treaty
ALCM—air-launched cruise missile
GLCM—ground-launched cruise missile
ICBM—intercontinental ballistic missile
INF—intermediate-range nuclear forces
LRINF—longer range INF
RV—reentry vehicle
SALT—strategic arms limitation talks
SDI—Strategic Defense Initiative
SLBM—submarine-launched ballistic missile
SLCM—sea-launched cruise missile
SRAM—short-range attack missile
START—strategic arms reduction talks

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Second, the Soviet definition would include as "strategic" U.S. dual-capable aircraft located both in Europe and Asia. All of our attack aircraft in Europe and Asia (except for our A-10s) are dual capable; their primary role is to contribute to a conventional defense of threatened allies although they also are capable of carrying nuclear weapons.

Finally, the Soviet definition would include all the attack aircraft on 14 U.S. aircraft carriers, one of which is still under construction. The deployment area of those carriers is not limited to any particular region. The primary role of the aircraft on them is conventional; their nuclear role is secondary. By including these carrier-based aircraft, the Soviet definition includes U.S. systems which are not at any given time in a position to strike Soviet territory but which could, in theory, be moved to such a position. The Soviets do not include in their definition some 2,000 Soviet "medium-range" missiles and aircraft, although those systems can also, in theory, be moved so that they could strike not only all NATO targets in Europe but U.S. territory as well.

The Soviets say that by their count the 50% reductions in delivery vehicles would leave the United States with 1,680 delivery vehicles, as they would define and limit such systems, while leaving the U.S.S.R. with 1,250. They arrive at that computation by asserting that we have 2,215 ICBMs, SLBMs, and heavy bombers; 209 "medium-range" missiles; 380 "medium-range" aircraft in Europe and Asia; and 560 carrier-based aircraft for a total of 3,364 "relevant systems," according to their definition of what is relevant. The Soviets say that they have 2,504 such "relevant systems," which include only their ICBMs, SLBMs, and heavy bombers. A 50% reduction in "relevant" delivery systems on both sides would thus leave the United States with 1,680 delivery vehicles while the Soviets would be left with 1,250.

The Soviet inclusion of U.S. LRINF missile and aircraft systems and carrier-based aircraft and the failure to include comparable Soviet systems make the apparent U.S. advantage of 430 "strategic delivery systems" wholly illusory. The inclusion of 1,149 U.S. LRINF missiles and aircraft is more than offset by the exclusion of approximately 2,000 comparable Soviet systems, as well as nearly 300 Backfire bombers.

If the United States were to retain equality in the number of strategic nuclear delivery vehicles with the

Soviets, our LRINF and medium-range aircraft systems would have to be cut radically to 430, which would be 60% below present levels and only 20% of comparable Soviet delivery vehicles. On the other hand, if the United States were to retain its LRINF and medium-range aircraft systems at current levels, the United States could retain less than one-half of the Soviets' 1,250 strategic nuclear delivery vehicles.

The inclusion of U.S. LRINF missile warheads and carrier-based and medium-range aircraft weapons, and exclusion of comparable Soviet weapons, under a common 6,000-weapon ceiling as defined in the Soviet proposal would guarantee U.S. inferiority in the number and power of strategic ballistic missile and LRINF missile warheads while maintaining Soviet first-strike capability.

There are, though, interesting new elements in the Soviet proposal. For the first time the Soviets are proposing a 1,250 limit on their strategic nuclear delivery vehicles, approximately 50% below their current level. The proposed 6,000 limit on weapons is far lower than the 10,000-12,000 weapons their previous position implied they would seek to permit. The proposed 6,000 limit is about 40% below our estimate of the current Soviet level.

In its impact, the Soviet counter-proposal would, however, actually decrease rather than enhance stability.

First, the combination of modernization constraints, which would asymmetrically affect U.S. forces, and the lack of restrictions on Soviet heavy ICBMs would guarantee Soviet retention of a great advantage in missile throw-weight. That advantage is now approximately 3 to 1.

Second, even though the proposed maximum of 60% of all weapons permitted in one component of the force would limit Soviet ICBM RVs to 3,600, the Soviets could keep a large number of prompt, hard target-kill-capable warheads on heavy missiles such as the SS-18s and potential modernizations to them, as well as on SS-19s. Indeed, under the Soviet proposal they could retain all 308 SS-18 ICBMs. Thus Soviet prompt counterforce attack capabilities would grow against a reduced number of U.S. hardened facilities.

Third, the U.S. heavy bomber force would be penalized. Bombs and SRAMs would be counted as equivalent to ballistic missile RVs, despite the fact that massive Soviet air defenses make defense penetration less certain for

bombers than for ballistic missiles and despite the lower readiness rates of bombers compared to ballistic missiles.

Fourth, the proposed ban on long-range cruise missiles would terminate the U.S. ALCM program and thus degrade the retaliatory effectiveness of U.S. heavy bombers in future years—again in the face of unconstrained Soviet air defenses. It would also terminate the U.S. SLCM program. In contrast, the Soviets would be free to retain their shorter range ALCMs and SLCMs, which are capable of attacking many targets in Western Europe and along the U.S. coasts.

Fifth, movement toward more stabilizing forces requires flexibility in modernization. While the U.S. B-1 bomber and MX missile programs could probably go forward because they have already been flight tested, the proposed ban on new types of offensive nuclear arms could preclude the D-5 SLBM, the advanced technology bomber, and more survivable ICBMs, including the new small ICBM, Midgetman. In contrast, new Soviet systems—including the SS-X-24, SS-25, SS-NX-23, and Blackjack bomber could proceed since they have already been flight tested.

Finally, the proposed ban on "space strike arms" would halt the U.S. SDI research program. Because of the potential benefit for strategic stability of this research, as well as the unverifiability of research limits, the President has stated that we cannot agree to such a provision.

In sum, although the Soviet counter-proposal for the first time envisages significant reductions in Soviet forces, there are major shortcomings, the adoption of which would unacceptably degrade U.S. capabilities, decrease stability, and undermine deterrence.

There are some positive elements of Gorbachev's statements in Paris which we will continue to explore in Geneva.

- Gorbachev seems to acknowledge that at least some U.S. LRINF missile systems might remain in Europe, although the Soviets have not explained how they would preclude double counting of these systems, both as "strategic"—and thus aggravating an unfavorable balance in ICBMs, SLBMs, and heavy bombers—and as INF systems counting against SS-20s. Gorbachev's acknowledgment that some U.S. LRINF missiles might remain in Europe reflects the failure of the earlier Soviet effort to prevent NATO's response to SS-20 deployments and vindicates NATO's unity behind the dual-track decision.

- While in Paris, Gorbachev said that a Soviet-American agreement may be possible on medium-range systems—to use his phrase—“without the direct link with the problem of space and strategic armaments.” The United States intends to pursue, at the table in Geneva, this aspect of Gorbachev’s position.

- Also while in Paris, Gorbachev acknowledged that the independent nuclear forces of France and the United Kingdom are not appropriate topics for the U.S.-Soviet talks in Geneva. Of course, Paris and London will decide themselves whether or not to enter negotiations with Moscow over their independent, strategic nuclear capabilities, but it is clear that the United States cannot and will not negotiate with the Soviets on that topic.

- Halting U.S. strategic modernization—a modernization in response to the Soviet buildup of the last decade—and locking in current Soviet advantages;

- Producing a clearly one-sided result in the nuclear force balance by including U.S. systems that directly defend our allies while excluding Soviet systems that threaten them; and

- Forcing us to choose between systems that defend our allies and systems that defend us while maintaining, and in some senses increasing, the Soviet threat to both the allies and the United States.

In his preparations for his November meeting with General Secretary Gorbachev, President Reagan is focusing on ways to add momentum to serious give-and-take on the issues facing us in Geneva. The President will not, however, ever agree to sacrifice our basic objectives and principles. We are realistic and realize that the complex issues which affect the basic security of both sides are not likely to be resolved in the short term. No one should expect that the November meeting will produce a comprehensive arms control agreement. But with hard work we can hope to define more clearly a new and potentially fruitful basis on which hard negotiations can proceed. ■

The ABM Treaty and the SDI Program

Conclusion

It is important to keep the Soviet counterproposal in proper perspective. We should not forget that it was the Soviets who walked out of the START and INF negotiations in 1983 and that that caused an interruption of more than a year in negotiations. Further, once the negotiations resumed, it was the Soviets who refused to engage in detailed discussions of offensive arms reductions, insisting that the United States first agree to abandon its SDI research program. The United States, in contrast, immediately put on the negotiating table a series of far-reaching arms reduction proposals. These call for equitable, verifiable, and strategically significant cuts in strategic ballistic missiles to 5,000 warheads on each side, and strict limits on heavy bombers and the ALCMs they carry; for reductions to the lowest possible equal global level, or preferably the complete elimination, of U.S. and Soviet LRINF missiles; and for the reversal of the erosion of the ABM Treaty.

We welcome the fact that the Soviets finally have put forward a specific counterproposal. We welcome, as well, the fact that they have indicated for the first time a willingness to accept deep cuts in strategic nuclear forces. However, the details of their counterproposal, as they have presented them, would have the effect of:

- Blocking our strategic defense program, while their large program could proceed;

Statements by Ambassador Paul H. Nitze, special adviser to the President and the Secretary of State on arms control matters, and Abraham D. Sofaer, Legal Adviser of the Department of State, before the Subcommittee on Arms Control, International Security, and Science of the House Foreign Affairs Committee on October 22, 1985.¹

AMBASSADOR NITZE

When the President initiated the SDI [Strategic Defense Initiative] research program, he ordered that it be conducted in full compliance with our legal treaty obligations; he directed, from its inception, that the SDI program be planned accordingly; there is no intention to deviate from that commitment.

The SDI is a research program. It is investigating the feasibility of new defensive technologies, both Earth and space based—no more, no less. The fundamental purpose of the SDI program is to determine whether and, if so, how it can contribute to the realization of a situation in which nations can live secure in the knowledge that their security increasingly rests on the ability to defend against potential attacks, thus to deter by denial rather than merely by the threat of mutually devastating nuclear retaliation.

More than 13 years have elapsed since the ABM [Anti-Ballistic Missile] Treaty was negotiated. A number of mutually inconsistent statements as to

its proper interpretation have been made over this time period. In view of the importance of the current issue, a review of the basic facts was mandatory. Not only the Defense Department lawyers but also Judge Sofaer, Legal Adviser of the State Department, and his staff have recently conducted such a review on the ABM Treaty, its agreed statements, and associated negotiating record in full detail.

The reexamination of the treaty’s text, the agreed statements and common understandings accompanying it, the negotiating record, and official statements made since 1972 shows that they have been variously interpreted as to what kinds of development and testing, as well as what kinds of research, are permitted, particularly with respect to future systems and components based on what are called in the treaty “other physical principles.”

Because of the great potential contribution that deployment of systems flowing from SDI could make to our security, because of apparent Soviet treaty interpretations different from ours, and because of our interest in a rigorous implementation of the ABM Treaty by both sides, we have devoted much attention to the question of how to interpret the treaty. It is our view, based on our recent analysis of the treaty text and all of the accompanying records, that a broader interpretation of our authority than that which we have applied to restrict our SDI research program is fully justified. This is, however,

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a moot point. Our SDI research program has been structured and, for solid reasons, will continue to be conducted in accordance with a restrictive interpretation of the treaty's obligations. We believe that the SDI program can adequately answer those pertinent questions regarding new defensive technologies originally posed by the President while strictly adhering to this more restrictive interpretation.

There can be no double standard as to the way we interpret our treaty obligations vis-a-vis the interpretation the Soviets apply to those same treaty obligations. To do otherwise would outline a formula for potential disaster to our national security interests. In sharp contrast to Soviet behavior, our conservative and principled restraint with respect to our own SDI program demonstrates, by our deeds, our sincerity toward commitments—commitments to our Congress, to our allies, and to our respective publics.

MR. SOFAER

This is my first appearance before your committee. I am honored by your invitation to discuss the meaning of the Anti-Ballistic Missile Treaty with respect to so-called future ABM systems or components, including some contemplated as part of the Strategic Defense Initiative.

The ABM Treaty is an important element of our strategic arms control structure. When the President first announced the SDI program in March 1983, he made clear that it would be conducted "consistent with our obligations [under] the ABM Treaty." This commitment has been maintained. The United States has scrupulously complied with the treaty, notwithstanding such clear Soviet violations of it as the Krasnoyarsk radar station.

Broad vs. Restrictive Interpretation

Soviet violations of the ABM Treaty, the implementation of our SDI program, and the ongoing arms negotiations at Geneva recently caused various agencies to consider more thoroughly than ever before the appropriate interpretation of the ABM Treaty as it relates to future or "exotic" systems. By that, I mean defensive systems that serve the same functions as ABM systems and components but that use devices based on technology not understood in 1972 when the treaty was negotiated and that are

capable of substituting for ABM interceptor missiles, launchers, and radars. This examination has led to the conclusion that a reading of the ABM Treaty that would allow the development and testing of such systems based on physical principles other than those understood in 1972 is wholly justified.

At the same time, however, I want to emphasize a critical point made by Secretary Shultz in his speech to the North Atlantic Assembly last week: "[O]ur SDI research program has been structured and, as the President has reaffirmed [on October 11], will continue to be conducted in accordance with a restrictive interpretation of the treaty's obligations." Secretary Shultz assured our NATO allies of "[o]ur commitment to pursue the program as currently structured, which is consistent with a restrictive interpretation of our obligations under the ABM Treaty." Accordingly, he described the debate over the two interpretations as "moot." The issue may have practical significance only when the SDI program has reached the point at which questions regarding the feasibility of strategic defense have been answered and engineering development, with a view to deployment, becomes a real option.

I was well aware when I began my work on this issue that several officials associated with the SALT I [strategic arms limitation talks] negotiations and others still in the government had advanced the view that the ABM Treaty is unambiguous in its treatment of such future systems. They argued that article V of the treaty forbids development, testing, or deployment of any future ABM systems and components other than those that are fixed land-based. They read Agreed Statement D as relevant only to fixed land-based systems and components, arguing that it permits "creation" of such systems and components when they are based on "other physical principles" but conditions their deployment on agreement between the parties on specific limitations. Other persons were contending, however, that this "restrictive" view of the ABM Treaty is based on unilateral assertions by U.S. negotiators; that the treaty is ambiguous; and that the negotiating record supports a broader view of our freedom to develop, test, and deploy future systems.

My study of the treaty led me to conclude that its language is ambiguous and can more reasonably be read to support a broader interpretation. An

examination of the three provisions primarily at issue will demonstrate why this is so.

- Article II(1) defines an "ABM system" as "a system to counter strategic ballistic missiles or their elements in flight trajectory, currently consisting of" ABM interceptor missiles, ABM launchers, and ABM radars.

- Article V(1) provides that the parties agree "not to develop, test, or deploy ABM systems or components which are sea-based, air-based, space-based, or mobile land-based."

- Agreed Statement D, a side agreement that accompanies the treaty, provides as follows:

In order to insure fulfillment of the obligation not to deploy ABM systems and their components except as provided in Article III of the Treaty, the Parties agree that in the event ABM systems based on other physical principles and including components capable of substituting for ABM interceptor missiles, ABM launchers, or ABM radars are created in the future, specific limitations on such systems and their components would be subject to discussion in accordance with Article XIII and agreement in accordance with Article XIV of the Treaty.

The restrictive interpretation rests on the premise that article V(1) is clear on its face: it says no development, testing, or deployment of "ABM systems or components" other than those that are fixed land-based. But this language does not settle the issue of the article's applicability to future systems and components. That issue depends on the meaning of the term "ABM systems or components": is that phrase limited to systems and components based on then-current technology, or does it also include those based on future technology?

In attempting to answer this question, one must turn to the definition of "ABM system" in article II(1). Proponents of the restrictive view contend that this definition is functional: anything ever conceived that could serve the function of countering strategic missiles in flight falls within the definition. These persons argue that the three components identified in that paragraph—missiles, launchers, and radars—are merely listed as the elements that an ABM system is "currently consisting of" and that all future components of a system that satisfies the functional definition are also covered by article II(1). Only when armed with these meanings can proponents rely on

article V(1) as a ban on development, testing, and deployment of all nonfixed, land-based systems or components, whether current or future.

Shortcomings of the Restrictive Interpretation

This reading of the treaty is plausible, but it is not the only reasonable reading; on the contrary, it has serious shortcomings. The premise that article II(1) defines "ABM system" in a functional manner, meant to include all future systems and components, is difficult to sustain. The provision can more reasonably be read to mean that the systems contemplated by the treaty are those that serve the functions described *and* that currently consist of the listed components. The treaty's other provisions consistently use the phrases "ABM system" and "components" in contexts that reflect that the parties were referring to systems and components based on known technology.

Article II(2), for example, further describes the "ABM system components listed in paragraph 1 of this Article," to include those that are operational, being tested, under construction, etc.—thereby indicating that the definition in article II(1) was not merely illustrative but was intended to describe the actual components covered by the treaty. To take another example, article V(2) sets limits on the types of "launchers" that may be developed, tested, or deployed—thus reflecting, in the same article as the alleged prohibition on future mobile systems and components, an exclusive concern for one of the current components listed in article II(1).

Systems and components based on future technology are not discussed anywhere in the treaty other than in Agreed Statement D. In that provision, the parties felt a need to qualify the term—systems and components created in the future—with the phrase "based on other physical principles." If "ABM system" and "components" actually meant all systems or devices that could serve ABM functions, whether based on present or future technology, the parties would not have needed to qualify these terms in Agreed Statement D. That this qualification was added suggests that the definitions of "ABM system" and "component" in article II(1) extended only to those based on presently utilized physical principles and not on "other" ones.

The existence of Agreed Statement D poses a fundamental problem for the restrictive view. Nothing in that statement suggests that it applies only to future systems that are fixed land-based; on the contrary, it addresses all ABM systems and components that are "based on other physical principles." Moreover, the restrictive interpretation would render this provision superfluous. If article II(1) extended to all ABM systems and components, based on present as well as on future technology, then article III implicitly would have banned all future fixed land-based systems and components. Such an interpretation, by rendering a portion of a treaty superfluous, violates accepted canons of construction.

The serious difficulties of construction created by the restrictive reading are avoided if one reads articles II(1) and V(1) as referring only to ABM systems and components based on currently utilized physical principles. Read in this manner, the treaty establishes a coherent, nonredundant scheme that prohibits:

- The deployment of all fixed land-based systems and components derived from current technological principles, except as specifically permitted (article III);
- The development, testing, and deployment of all mobile systems and components derived from current technological principles (article V(1)); and
- The deployment of all forms of systems and components derived from "other" physical principles until after agreement on specific limitations (Agreed Statement D).

Other reasonable constructions of the treaty have been advanced, but I think that the arguments that I have presented serve to demonstrate the ambiguities present in the text of the ABM Treaty.

Historical Support for a Broader Interpretation

Under international law, as under U.S. domestic law, once an agreement has been found ambiguous, one must seek guidance in the circumstances surrounding the drafting of the agreement. Thus, in the present situation, once we concluded that the treaty is ambiguous, we turned to the negotiating record to see which of the possible constructions most accurately reflects the parties' intentions.

Examining the negotiating record for the ABM Treaty presented some real, albeit mundane, difficulties. No single agency has systematically collected and preserved the entire record in a readily usable form. My staff and I, therefore, obtained from various sources everything that we could find that might be relevant to the issue of future systems and components. Because we are still in the process of collecting material, I cannot tell you with certainty that I know every single step in the negotiating process. But we are far enough along that I can say with confidence that a much stronger case exists in the record for the broader interpretation of the treaty than for the restrictive interpretation.

The entire negotiating record is classified, and I, therefore, cannot reveal any detail in open session. If, after this public session, the committee chooses to go into executive session, I will be free to explain much more. I can tell you in general, however, that I personally reviewed all of the significant statements and drafts in the available negotiating history regarding future systems. I reached the firm conclusion that, although the U.S. delegates initially sought to ban development and testing of nonland-based systems or components based on future technology, the Soviets refused to go along, and no such agreement was reached. The Soviets stubbornly resisted U.S. attempts to adopt in the body of the treaty any limits on such systems or components based on future technology; their arguments rested on a professed unwillingness to deal with unknown devices or technology. The farthest the Soviets were willing to go with respect to such future systems or components was to adopt a side agreement prohibiting only the deployment of such systems and components, once created, until the parties agreed on specific limitations. The parties did not agree to ban development and testing of such systems or components, whether on land or in space.

The negotiating record also contains strong support for a reading of article II(1) that restricts the definitions of "ABM system" and "components" to those based on current physical principles. The Soviets specifically sought to prevent broad definitions of these terms, and our negotiators acceded to their wishes. Moreover, our negotiators ultimately convinced the Soviets to

Managing the Department of State

by Ronald I. Spiers

Address before a dinner discussion cosponsored by the Carnegie Endowment for International Peace and the American Foreign Service Association on September 26, 1985. Ambassador Spiers is Under Secretary for Management.

"Managing the Department of State" is the topic I have been asked to speak to. Outside critics and inside cynics have told me this is an oxymoron—a contradiction in terms. The Department of State, almost by definition, is unmanageable.

Management Tradition and Challenges

My experience has been that the management tradition at State is, indeed, a weak one. For example, I do not remember a single instance in the more than two decades I have been an on-and-off participant in the Secretary of State's morning staff meetings when issues of resource allocation, personnel policy, budgets, security—the big issues of management—were considered worthy of discussion, however much time was spent on relatively ephemeral "policy" matters.

That is, up to the present incumbent. Mr. Shultz's legacy as Secretary may well be that issues of management are accorded the attention they deserve.

Why this weak tradition? I have pondered this question and conclude that there are several contributing factors.

- The Foreign Service culture has confused management with "housekeeping" and relegated it to second place. The Department and the Foreign Service have not seen themselves as managers of programs, people, and resources. Brilliance in political or economic analysis or negotiating skill have been the most prized values.

- Most of our Secretaries of State have been recruited from the academic or legal communities, in which people tend to work alone or with a small group of colleagues. Lawyers and academics are not apt to think in management terms.

- The Foreign Service is a bottom-up system like the military. New ideas and perspectives diffuse slowly, and old traditions and values last a long time.

We now have at the top of the State Department a Secretary and a Deputy Secretary with substantial experience in dealing with management of large organizations. I believe a quiet revolution is taking place. I hope it will have a lasting impact on many institutional attitudes in the Department.

Let's turn our attention to five or six of the issues which I believe represent the greatest management challenge to the Department of State in the period ahead. Among these are the Department of State's resource base; the relevance of its personnel system and structure to its likely future responsibilities; security and dealing with terrorism; reconciling political pressures with the requirements of maintaining a career service; and the problem of controlling the size of the American official presence abroad.

Before launching into a discussion of these various management issues, I would like to redefine, as a starting point, what the principal purposes are of the Department of State and the Foreign Service of the United States. They are, I think, fivefold:

- To manage the wide range of day-to-day relations between the United States and 140-odd other sovereign entities, both bilaterally and through multilateral organs ranging from NATO to the United Nations;

- To collect the information and perform the analysis necessary to recommend, to decide on, and to carry out the foreign policy of the United States;

- To provide legally mandated consular and citizen-protective services;

- To influence the environment in which the United States acts in ways favorable to the attainment of U.S. policy objectives; and, finally,

- To mobilize, plan, and allocate the resources—essentially money and people—for the most efficient performance of these functions.

It is the last of these on which those of us concerned with management must focus. Managers, of course, must have an intimate familiarity with the policy context in which their responsibilities

adopt Agreed Statement D by arguing that, without it, the treaty would leave the parties free to deploy systems or components based on other physical principles, such as lasers.

I am aware that some U.S. negotiators in the SALT I talks assert that they achieved a total ban on the development, testing, and deployment of all future mobile systems and components, including those based on other physical principles. The negotiating history contains suggestions as to why they reached their conclusions. But the record of the negotiations fails to demonstrate that they actually succeeded in achieving their objective. On the contrary, the record reflects that they failed to obtain the ban they sought and that we could never have enforced such a ban against the Soviets. Treaties, like other agreements, are enforceable only to the extent they create mutual rights and duties. In effect, because the Soviets succeeded in avoiding a broad, binding commitment regarding the development and testing of mobile systems and components based on future technology, we cannot properly be said to be bound by such a commitment.

Conclusion

I wish to close by reiterating a critical point. Notwithstanding our belief in the merits of the broader interpretation, the President has decided to pursue the SDI program as currently structured, which can be accommodated within the confines of the "restrictive" interpretation—namely, research into, but not development or testing of, systems or components based on future technology and capable of substituting for ABM interceptors, launchers, or radars.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

are exercised. The dichotomy between "administration" and "policy" must disappear. At top management levels they must meld, and our personnel policies and procedures must produce an effective melding.

Back to our management challenges: I will say a few words about each of these in turn and, perhaps, stimulate questions and comments for our discussion.

Resources

The first issue I mentioned was resources. It is my firm conviction that the State Department has paid a heavy price for prolonged inattention to management. Our resource base, judged in the light of our responsibilities, has become so attenuated as to raise questions about our ability to do our job.

I have served both as head of the Bureau of Politico-Military Affairs and of the Bureau of Intelligence and Research and have had an opportunity to compare the resources available to the Department of State to those of our sister national security agencies in the defense and intelligence communities. Without denigrating the contributions the latter make to our national security, I contend that the Department of State is truly the preeminent national security arm of the United States.

Diplomacy is on the front lines 24 hours a day serving the principal ends of our foreign policy: promoting human liberty and freedom of political choice, economic and social development, the rule of law, diplomatic resolution of international disputes, and constructive, peaceful change. War begins when diplomacy fails. We are not simply in the business of deterrence or contingency planning or collection of information; yet, the Department of State, primarily as a consequence of its own delinquency, has operated on a relative shoestring. The Department of State's operating budget—approximately \$1.8 billion—is .8% of what we spend on defense and a very small fraction of what we spend on intelligence. And yet, U.S. Foreign Service reporting is the principal source of the information on which our foreign affairs policy must be based.

Over the years the Department has been content to do more and more with less and less. We have cannibalized our political and economic officer positions to meet growing consular and administrative demands. Little by little, functions have been removed from the

State Department because we could not perform them adequately, in good part because we did not believe the problem of resources was a significant one for us. In fact, today there are fewer American Foreign Service personnel worldwide than there are Department of Defense school teachers in the European theater alone.

In short, the resources the United States allocates to our intelligence and defense capabilities have not been duplicated in the case of our foreign affairs capabilities.

This is a problem that has much concerned the Secretary of State and our senior managers. We recognize that it is perhaps the worst time in history to attempt to turn this situation around, but turn it we must. We face great demands in information handling and communications modernization. We need to continue to rebuild our depleted reporting and analysis capabilities. We need to be able to provide a responsible level of security for our missions overseas. We need to devote more time and attention to training, taking a cue from our military colleagues.

The Department of State is a relatively small institution. It does not need to be a big one. Our personnel worldwide total fewer than 24,000—about one-twentieth the size of IBM. These 24,000 run a worldwide communications system; staff 262 posts, from charforce to chief of mission; manage one of the world's largest real estate operations; and serve as the President's and Secre-

tary of State's substantive foreign affairs cadre. The annual cost of this enterprise is roughly what Secretary Weinberger wrote off when he canceled Division Air Defense—a single weapons system.

The Department needs a far more aggressive approach than it has taken in the past in identifying and going after the resources it needs to do its job. Last week the Secretary of State approved for transmission to OMB [Office of Management and Budget] 1986 and 1987 budget proposals that involve a substantial increase. Much of this is attributable to our security requirements, which I will speak to later, but there are also large sums for some of the other needs I have mentioned. We will now begin our struggle for approval of these requests.

Personnel System and Structure

After resources, our primary concern is personnel. Our main focus now is principally on the 9,500 American members of the Foreign Service—particularly the 4,100-member generalist corps which staffs the principal consular, political, economic, administrative, and managerial posts at home and abroad. What will our requirements be 5 years from now, and how do we adjust today's policies in order to meet them?

The Foreign Service does not have much of a constituency, although in recent years the security threat has done much to diminish the striped-pants image. Lately, we have had something of a

Under Secretary for Management



(M.A., 1950) where he was a Wilson Fellow. He served in the U.S. Navy 1943-46.

Mr. Spiers began his government career in 1950 as a foreign affairs specialist with the U.S. Atomic Energy Commission. He joined the Foreign Service in 1955. He has held assignments as a member of the U.S. delegation at the United Nations, as Director of Political Affairs in the Arms Control and Disarmament Agency, and as Officer-in-Charge of Disarmament Affairs and Director

of NATO Affairs in the Department of State. He was Counselor for Political Affairs at the American Embassy in London 1966-69.

Mr. Spiers served as Director of the Bureau of Politico-Military Affairs from 1969 until he was appointed Ambassador to The Bahamas upon its independence in 1973. He became Charge d'Affaires at the American Embassy in London in 1974 and served as Minister of the Embassy until 1977, when he was appointed Ambassador to Turkey. He was Director of the Bureau of Intelligence and Research from 1980 until his appointment as Ambassador to Pakistan in 1981.

Mr. Spiers was sworn in as Under Secretary for Management on November 23, 1984. His awards include the Presidential Meritorious Service Award and the Presidential Distinguished Service Award. He is a career member of the Senior Foreign Service, Class of Career Ambassador. ■

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raking over from Evan Galbraith, a former ambassador whose recently publicized criticisms are very much at variance with the views of most of the noncareer appointees I have talked to over the years.

The Foreign Service has been the target of many critics, some of whom are former members of its ranks: that it is beyond the control of or out of synchrony with its political masters; that the sense of discipline of a career Service has been lost; that it is inward-looking, inbred, and preoccupied with its own internal institutional interests; that it no longer attracts a high quality of entrants; that it is unrepresentative; that it is top heavy; and, depending on whom you listen to, that it is either too liberal or too conservative.

There is truth in some of these contentions. I will talk about a few of them. A number of proposals have been made from the outside for reform. Most of them have been designed to reduce the self-governing features of the Service: its peer evaluation and promotion system, for example. A proposal that any Foreign Service officer serving as a presidential appointee should resign from the Service has been advanced.

The function of a Foreign Service officer is something like that of a lawyer. He uses his skills, his substantive knowledge, and his familiarity with procedures in the service of the client's interests and objectives. He may not see these objectives as beyond doubt or question. I have many times argued in favor of a case I would not have supported had I been the ultimate policy authority. I am not conscious of having done so more consistently in one Administration than another. I can say without hesitation, however, that I have never tried to undercut a policy I did not fully agree with once it was decided upon, just as I have never hesitated to give my view unequivocally during deliberations leading up to these policy decisions. I believe that this is almost universally true of my colleagues. Moreover, I can tell you I would rather have a skilled, professional, legal counsel represent me than an amateur who has emotional commitment to my case but little background in the law.

There is an irony in all this for members of the Service. I remember, during the Kennedy transition, a conversation with a friend high in Democratic councils who dismissed the Foreign Service as untrustworthy, ultraconservative, hopelessly tainted by years of working for Republicans. A similar con-

versation with a similarly placed Nixon official some few years later gave me a sense of *deja vu*; he saw us all as eastern liberal appeasers who had to be kept at arm's length.

There probably exists what the French call a professional deformation in the Foreign Service. Our principal stock-in-trade is not to provoke conflicts but to resolve them—or, if they can't be resolved, to contain them. There is also a problem we are all familiar with—that new arrivals don't like to be told there is background or experience or complexity they are not aware of in dealing with foreign affairs problems. We may have been insufficiently sensitive to this factor. Usually, however, the pattern is that trust grows as administrations gain experience.

Interestingly—and I am neither a Republican nor a Democrat—I have found less of this instinctive distrust on the part of this President and his advisers than any previous Administration I can remember. This may be a function of this President's open and secure personality; criticisms are leveled more by self-styled Reaganites than by responsible members of the Administration themselves.

The Foreign Service has its problems. It is, in my view, top heavy. We are moving to correct a situation in which we have too many jobs classified at senior levels and, paradoxically, too many senior officers to match up with the jobs which are there. Promotions will continue to be slow, limited-career extensions granted sparingly as we weed out the less competitive and bring supply and demand into defensible balance. The size of the 650-person Senior Foreign Service generalist cadre will probably be cut 15%-20% in the next few years.

The problem of representativeness is a serious one. Substantial progress has been made in recent years. The percentage of women has increased from 8% to 20%, minorities from 4% to 12% in recent years. However, there are still only 23 women and 9 blacks in the Senior Foreign Service. There are only five black career officers serving as ambassadors and, currently, no female career ambassadors. There are only two female and one black career ministers out of the 46 in this senior rank. There is not now a single black serving as DCM [deputy chief of mission] and only three women.

Because we had 17,000 examination takers last year competing for perhaps an ultimate 250 new entries, the Depart-

ment has not seen the need for an aggressive, targeted recruitment effort of the kind probably needed to rectify this situation. This, too, we are going to work on, but this, too, requires enhanced resources. Because we have a bottom entry, "up or out" system, it will take some time for results to be felt at senior levels, but unless we continue to make a determined attempt, it will not happen. A Foreign Service which does not mirror the composition of our citizenry, I believe, cannot, over the long run, be an acceptable institution.

Some of the other problems we are working on, with Secretary Shultz's particularly strong support, are to rebuild our badly eroded reporting and analysis capabilities and to improve our executive development procedures.

Both of these problems are serious. If the Foreign Service continued in the direction it was headed, it could become a consular and security corps providing administrative support to the other agencies whose staffs already comprise about 70% of the more than 15,000 Americans at our missions abroad.

Our central mission is to assist in the formulation and execution of foreign policy, not just to administer ourselves. As our resources have been constrained and our workload increased, we have had to eat into our core capabilities. Particularly, we have cut junior positions so that economic- and political-cone entrants have often been unable to get assignments in their field before they are judged for tenure.

In the past 4 years, we have added over 350 positions to rebuild our reporting and analysis capability. The Secretary of State has been particularly effective in defending and resisting cuts in this area, and our aim is to add another 200 political and economic positions over the next 2 years.

Executive development has faced many cultural barriers in the Foreign Service, where the political officer has generally occupied the catbird seat. What we need most at the top are managers who can handle resources and people, rather than simply higher level political counselors. Our administrative and consular officers usually have had more managerial experience than our political and economic officers but have not had equal opportunities for high-level appointments. We are trying to devise incentives which will encourage cross-conal experience, experience in dealing with Congress, the military, and intelligence communities, and with what is called "public diplomacy." We want to

ensure that those promoted to the Senior Foreign Service have proven track records as managers. That is why we are paying more systematic attention to assignments of DCMs and principal officers and to limiting the "old boy" network's operations. I think that, except for a limited number of functional and geographic specialists, members of the Senior Foreign Service should lose their conal identification.

Secretary Shultz has also endorsed the view that the Department devotes too few resources to training. He has been one of the strongest supporters of a strengthened FSI [Foreign Service Institute] and, especially, the development of a new training campus at Arlington Hall to replace the seedy collection of rabbit warrens we occupy in Rosslyn. Also, we are now getting some of the Foreign Service's most talented senior officers into the management area. Ten years ago this could not have happened.

I will finish with a few thoughts about three other subjects: security and counterterrorism, the respective roles of career and noncareer appointees, and the problem of the size of our overseas presence. Interest in all of these has intensified recently for various reasons.

Security and Counterterrorism

Traditionally, the Foreign Service has given little thought to security. Its concern was with accessibility and openness. The assassination of five ambassadors and scores of others of our colleagues has changed all that, as has the recognition that what we now call "terrorism"—deliberate use of violence to intimidate—is probably going to be with us for a long time.

Terrorism—like other forms of warfare—is politics pursued by other means, usually by people or groups who do not have state machinery at their disposal. Terrorism is a reflection of unresolved political grievances, from Northern Ireland to the Palestinian problem. The Shi'ite revolution has brought new grievants to surface. When and if these problems find solutions, terrorism will subside.

In the meantime, we have a practical problem of protecting our employees and Americans generally. This need clashes with the culture of openness. There is no such thing as 100% safety from threats, and the Foreign Service will continue to be a risky occupation. This, however, is not an excuse for inaction.

We in the Department have seen our major challenge as twofold: to raise the security consciousness of our colleagues (i.e., to change the culture, because constant vigilance will always be the best safeguard) and to mobilize the resources needed to provide a prudent level of protection for our missions and personnel abroad. Beyond that, the arsenal of instruments to fight terrorism is the same as in other forms of warfare: deterrence, defense, intelligence information, mobilizing alliances, preemption, and even retaliation.

I believe we are measurably improving our ability to cope with terrorism. The Secretary of State took the lead in consciousness-raising when he instituted daily meetings on security with his senior staff and made clear to all ambassadors the personal nature of their responsibility for security.

We have had broad support in the Congress. Last year we sought and received a supplemental appropriation of more than \$300 million to begin to improve our physical security at home and abroad. The Secretary convened the Inman panel to get a fresh and objective assessment of the nature and dimension of the problem. Pursuant to the panel's recommendations, we have drawn up a 5-year program which would involve the expenditure of over \$5 billion and the building of 61 new Embassies to meet minimum security standards at high-threat posts. The Department is establishing a Bureau and an Assistant Secretary for Diplomatic Security. We are taking on the responsibilities which are ours under the Vienna convention for the protection of foreign diplomats in the United States. Our intelligence is improving as it has been focused on the terrorist threat. In recent months, we have thwarted or preempted over 80 possible terrorist incidents as a result. I believe that with a major effort we will get the resources we need to provide the level of protection that we owe our people overseas. However, I reiterate that there is no such thing as 100% security, and it is quite possible that other tragic incidents lie ahead.

Roles of Career and Noncareer Appointees

One of the difficult structural problems we have to deal with is the constant uncertainty about how many and what jobs at the top will go to noncareer appointees. The Foreign Service has generally promoted and trained its personnel on the prudent assumption that we

must be ready to staff all positions. Indeed, only one chief of mission job—the United Kingdom—has never been held by a career officer.

Whenever a post shifts from career to noncareer status and is not balanced by a countershift, it has a sevenfold "cascade" effect on promotion, assignment, and recruitment, unless, as in the past, we ignore the effect and promote anyway. This has been a factor in the "senior surplus"—a demoralizing phenomenon for those consigned to "makework" or overcomplement status after reaching the prime of their careers in terms of their potential for contribution. We have been able to reduce this problem of "corridor walkers" substantially. The most recent count was 30 officers in this category, and this is probably the irreducible minimum for health or compassionate reasons or because an officer is awaiting nomination and confirmation for a presidential appointment. Two years ago, however, there were 120.

The nadir of chief-of-mission appointments for the career Service came with Kennedy, the zenith under Carter. Since January 1981, the balance has shifted and a net of 18 presidential appointment-level positions have moved from career to noncareer. In January 1981, the ratio of career to noncareer ambassadors was 72%-25% [3% vacant]. Today it is 61%-35% [4% vacant].

The citizen-statesman tradition in the United States has been a source of strength throughout our history. Yet I feel that too many of our ambassadors have been appointed for reasons having little to do with their ability to meet the demands of the position. There are magnificent exceptions. I have served under three noncareer ambassadors myself, including the legendary David Bruce—and all of them were superb. Yet people of this quality are, unfortunately, in the minority. For every Arthur Burns or Mike Mansfield, there are many who have no particular qualifications. The contention that these are better able to represent the President's policy is unpersuasive to me. Few of them have either direct access to the White House or strong foreign affairs backgrounds.

I hope it will be possible to pay more careful attention to the quality and qualifications of all appointments—career and noncareer alike—and that we can settle on a steadier ratio that will permit more coherent career planning in the Foreign Service. We need to ensure

career opportunities at the top which will attract and motivate the best in our ranks. This cannot take place if there is a perception that at the end of the road lies a series of overcomplement positions.

Limiting American Official Presence Abroad

Finally, I believe we need more attention to the issue of the number of our personnel abroad. I mentioned earlier that 70% of the staffing of our posts is from agencies other than the Department of State. Since the beginning of this Administration, the State Department composition of our missions abroad has increased 4%, and this has been largely due to the need to provide administrative support to the personnel of other agencies, which have increased 15%. With the increasingly hostile security environment and the high cost of protection, we need to find a mechanism for judging the value and contribution made by these personnel. Since the

procedures called "MODE" [Monitoring Overseas Direct Employment]—under which the Department of State performed a monitoring and controlling function for a number of years over the level of our personnel abroad—were abandoned in 1982, the United States has not had a satisfactory mechanism for keeping control over numbers. Notionally, this responsibility is in the hands of ambassadors. However, an ambassador is often not in a position to judge the pros and cons of enhanced staffing, particularly when regional responsibilities are cited as the rationale for increases. I do not have an answer for this problem, but I believe it is an inherent responsibility of the Secretary of State to determine what is a sensible level of our presence at diplomatic missions abroad. I do not believe that this can be left up to the judgment of individual agency heads.

Conclusion

This review exhausts both speaker and audience, but it does not exhaust the management agenda at Foggy Bottom. Every day we encounter new issues to cope with: there is the question of developing and gaining understanding of the need for a coherent information handling strategy for the years ahead. Information is the lifeblood of foreign affairs and there is an accelerating revolution in information handling. There is the much discussed but very difficult problem of spouse compensation and employment. In a few years, 70% of American married couples will be two-income families, and what are the implications for a Foreign Service as we have known it? There is the perennial problem of harmonizing discipline and equity in our assignment, promotion, and evaluation procedures. There is the problem of planning and implementing professional development and training, including language training programs to span whole careers in a service which has been resistant to taking time out for training. These issues, however, will have to be left for later discussion. ■

Japan and the U.S.: A Global Partnership

by Paul D. Wolfowitz

Address before the Japan-American Society in Tokyo on September 18, 1985. Mr. Wolfowitz is Assistant Secretary for East Asian and Pacific Affairs.

It is a great pleasure for me once again to visit Japan, having just come from Moscow. And it is a very special honor to be able to address the Japan-America Society, which has, for so long, been in the forefront in promoting close ties between our two countries.

I have been asked to speak to you today on the subject of Japan and the United States. I can think of no more important subject, "bar none." Obviously, this is an audience that is highly familiar with the best phrases of our outstanding Ambassador, Mike Mansfield, to whom I am indebted for so much wisdom on the subject. I hope no one expects me to speak without copying any of the past remarks of that great American and great friend of U.S.-Japan relations. That would be

unfair—and could make this an extremely short speech. So you will just have to bear with a bit of plagiarism.

I know that I am here at a time when our trade relations are stormy, to put it mildly, and threaten to interfere with a bilateral relationship that is otherwise extraordinarily strong. Despite the good will and strenuous efforts of many individuals in both our countries, our trade problems have continued to pile up, and they have reached the danger point.

One of the dangers is that in our preoccupation with the difficulties in our trade relations, we may forget how very strong our partnership is and that our strength comes from being what we are—unique, sovereign countries that are enormously successful individually but even more successful when cooperating.

It is useful to remember that our relations are complex and broad; that they bring great benefits to both countries; and that they continue to be a

story of remarkable—indeed, historic—achievement, not failure. We have come an enormous distance over the past 40 years: Japan's recovery from the war was itself an astonishing economic miracle; the blossoming of our bilateral relationship has transcended simple friendship and now includes a security relationship that, particularly in light of its origins, is unprecedented in history for its closeness and a tribute to far-sighted statesmen in both countries; and the partnership between our two countries, the two biggest economies in the free world, benefits not only ourselves but the world as a whole.

All of this leads me to my real subject this afternoon—one of history's greatest success stories—the partnership between Japan and the United States and my firm belief that working together and with more effort, patience, and, yes, sacrifice, we can solve the problems that face us.

Trade Friction

No one can doubt that trade between Japan and the United States has been of great importance to us both. Last year our trade totaled \$84 billion, the largest overseas two-way flow in history (and exceeded only by our trade with Canada). Japan is our largest agricultural market, and we are Japan's largest market for . . . well, just about everything. The American consumer enjoys expanded choice and lower prices as a direct result of this trade; and American workers and American industry have benefited from the high-quality inputs and the \$40 billion in capital flows from Japan that have contributed to our strong economic recovery and helped create 7½ million jobs in the last 5 years.

Yet no one can dispute that some aspects of our trade relationship have developed into a problem—indeed, an infection that can spread like a wasting disease and that must not be ignored. Ignoring trade problems will not protect our broader relationship. The great importance of that relationship argues for more action and more urgency, not less. There is no more critical time and no more critical task.

But that task is made harder by a lack of understanding on both sides, compounded by myths. Some Americans say, for instance, that Japan does not buy American products. The fact is that U.S. exports to Japan equal those to the United Kingdom, France, and West Germany combined. Japanese, for their part, may say that American goods are shoddy or are not suited to Japanese culture and Japanese tastes. But what short of cultural adaptation is needed to use American semiconductors? What is shoddy about American satellites? What is special about the Japanese taste in beef and citrus? The list goes on, and it is far too long.

I am told that some of my Japanese friends believe that the problem is an artificial one, essentially one of book-keeping. As I understand the argument, they feel that American firms that produce in Japan and then send the finished goods to the United States should not be counted as Japanese imports, while such goods sold in Japan should be counted as American exports to Japan. This argument simply misses the point.

The problem is not a statistical one. It is not a matter of the bilateral trade deficits as such. It is a matter of market

access. When some American products are permitted to enter Japan in only a trickle, if at all, even as a torrent of Japanese goods of every type are permitted unrestrained access to the largest market in the world, the disparity is impossible to ignore. Even if complete access for American products changed the trade deficit by only \$5 billion, as some predict, I would still have to advise my friends in Japan to devote top priority to creating that access.

First, President Reagan has made the difficult decision to protect the free trade system even at the cost of painful economic adjustments; Americans reasonably ask why Japan cannot make similar difficult decisions.

Second, lack of access provides dangerous excuses for a return to our own protectionism that would endanger the entire world economy.

When I speak of pain in America, I am speaking of steel workers and auto workers who have lost their jobs, many permanently. I am speaking of the worst economic situation our farmers have faced since the 1930s, with 5% of all commercial farms being forced into bankruptcy this year and another 150,000 or more going into bankruptcy in the next year or two. And I am speaking of the fact that those numbers ripple through the economy, affecting retailers, banks, construction, and every other segment of American industry.

I am not suggesting that this is all Japan's fault. But the simple fact is that a tremendous economic restructuring is taking place in America, and the resulting social disruption is a natural target for legislative remedies. If what some have called a "level playing field" does not exist here, you can expect that many of those laws will be aimed at Japan.

The present mood in the United States bears an ominous resemblance to that of 1930. We have had to experience a great deal of economic pain, and there is a strong desire to cure that pain at any cost. In 1930, the attempted remedy was the Smoot-Hawley tariff, which imposed the highest tariff rates in American history. Much to the surprise of the American public, which had clamored for the tariffs to be established, the Smoot-Hawley Tariff Act triggered a worldwide tariff retaliatory movement against the United States. From 1929 to 1933, the American share of world trade fell both in European and Latin American markets. The depres-

sion was undoubtedly prolonged and deepened. Despite the intentions of the protectionists, no jobs were created, and many were lost by the tariffs.

President Reagan has vowed not to sign any depression-causing legislation. I can assure you that he is personally committed to protecting the principle of free trade because he believes it is vital to the health of the American economy. Earlier this month, the President said:

Our objective will always be to make world trading partnerships freer and fairer for all. So while we will use our powers as a lever to open closed doors abroad, we will continue to resist protectionist measures that would lock out trade and the prosperity it brings to us all.

To succeed, however, our President needs help. He needs evidence that only Japan can supply that our trade problems are being solved.

For more than 100 years, the Japanese attitude has discouraged any imports other than necessary raw materials. I am afraid some of that attitude still exists, even though Japan is now the second strongest economy and one of the largest consumer markets in the free world. There is a reluctance to pay the cost of free trade, namely, the pain associated with market adjustments. But that reluctance is shortsighted, for it could lead to a return to the protectionism of the 1930s that would hurt everyone and hurt Japan most of all.

Cooperation To Solve Problems

Prime Minister Nakasone clearly recognizes the danger. In the July 30 statement of his action program he noted, "The world economy today is charged with the danger of stumbling down a slope toward protectionism." He went on to pledge that Japan would be in the front line of the battle to prevent that calamity.

In California, your Prime Minister and our President agreed to solve our problems cooperatively, and in that spirit we began the so-called MOSS (market-oriented, sector-selective) talks. As you know, we are taking an intensive look at four sectors where we believe American products are competitive and our share of the Japanese market should be greater than it now is. Without going into detail here or trying to make an overall judgment about the results to date other than to say that progress has been made, we are committed to continue the MOSS process for as

long as necessary, but sales have not yet increased markedly. For that reason, among others, this process may not suffice to ward off the danger of protectionist legislation.

But even if we were to see perfect success in all four sectors, we would not expect to see the elimination of the entire bilateral trade deficit. We do expect to see renewed confidence in key sectors of American industry that it can compete on an equal basis in the Japanese market.

Separate from the MOSS talks, but also important, Prime Minister Nakasone's action program is a bold step, with great potential benefit for Japan and its trading partners. It acknowledges, in a courageous way, Japan's responsibility for preserving the free trade system that has so enriched it. Like MOSS, the action program requires high-level attention, and it includes a commitment to follow up on that beginning.

The temptation is great to seek a "quick fix" in export controls, either of products or capital. But as President Reagan said, we want to "resolve the bilateral trade problem in a way that results in the expansion, not the restriction of trade." We need to treat the illness itself, not the symptoms.

Even a healthy and prosperous trade relationship would not necessarily be in absolute balance bilaterally. Saying that, however, I must add that it is not possible, economically or politically, for the United States to carry for long a huge and growing trade deficit with the world or for Japan to keep on indefinitely running such a large global surplus.

For our part, we have much to do, starting with reducing our budget deficit. There is no doubt that the dollar has appreciated greatly, and its high value is a heavy burden on American exporters; we need to address that problem also. For Japan's part, it must correct the tremendous imbalance between savings and domestic investment which requires this country to export more than it imports in order to maintain high employment.

Among the steps taken by Prime Minister Nakasone in recognition of this problem is a new effort to look at ways to stimulate domestic-led growth. Such growth would still create jobs in Japan, while addressing in an important way the impact Japanese Government policies have on trade. In the view of many, housing is a good example of an area

where further investment could improve life in Japan while helping to decrease the drive to export and encouraging imports. Changes in credit policies, in this case, would shift some of the huge savings that are presently going abroad into constructive uses at home. And increased housing construction would increase the demand for American materials such as plywood.

As you can see, we are engaged in a broad-based effort that does not rely on any one avenue for solving our problems. Is there any reason to believe that Japan and the United States can succeed in what appears to be a nearly insurmountable task? Absolutely! One has only to look at the alliance forged between our two countries in the aftermath of the worst war in world history.

Japan-U.S. Security Partnership

Since the turn of the century, when Japan announced its arrival as a country to be reckoned with by defeating the Russian fleet at Tsushima, Japan has, with the United States, been one of the leading Pacific powers. I need not detail our next 40 years as political rivals, nor the tragic failure to pursue national goals through peaceful means. The point is simply that our last 40 years as friends and allies have stood in sharp contrast to the earlier period, and it is no exaggeration to say that the fact of the partnership between the United States and Japan profoundly strengthens the peace and security of the entire Pacific region.

Where once American bases and even Japan's own defense forces were the objects of fierce political opposition, there now is a healthy new realism in attitudes. This has enabled the defense dialogue between our two countries to go beyond the sterile question of spending percentages and on to the more important one of actual capabilities. But Japanese defense experts recognize that force levels and materials readiness of Japanese defense forces still have a long way to go in some respects. Those gaps need to be closed, and with some sense of urgency.

Occasionally, I hear people say that Japan does not see the threat in the same way as the United States. But the threat to peace in Asia is real enough. The two Koreas have shared a precarious peace for 30 years and, despite the great hope we all hold out for the dialogue between north and south, stability on the Korean Peninsula cannot be

taken for granted. Far from it. Vietnam continues its illegal military occupation of Cambodia, and its forces have regularly encroached on Thai territory. A growing insurgency in the Philippines threatens the security of a key bulwark of the region's stability. The long border between the Soviet Union and China is another possible flashpoint and adds the awful potential for nuclear conflict. Of course, the growth in the Soviet SS-20 force is an alarming trend that has sobering implications for the entire region, transcending the conventional threat.

Those Soviet forces in Asia are, of course, not exclusively or even principally aimed at Japan. But the danger they pose is real, nevertheless. Effective security cooperation between the United States and Japan can preserve stability and protect our vital interests in the event of a crisis.

In fact, one can see even closer to home the steady Soviet military buildup that threatens Japan. In Japan's own northern territories, for example, the Soviets have established a permanent military presence that might, before long, surpass in numbers the 16,000 Japanese civilians who once inhabited the islands. These forces have now been equipped with 40 MiG-23 fighters, Hind ground-attack gunship helicopters, tanks, armored personnel carriers, anti-aircraft missiles, and artillery, including 130mm long-range cannon. In addition, the Sea of Japan is a regular operating area for ships of the Soviet Far East fleet—the largest of the four Soviet fleets. Even Japan's airspace has been violated regularly by Soviet military aircraft patrolling in areas just west of Japan.

The increases in Soviet military forces, both quantitative and qualitative, are more rapid and start from a far larger base than the measured improvements made by Japan and the United States. Furthermore, as the situation in the Persian Gulf has required a sustained American naval presence in the Indian Ocean, the demands upon American Pacific forces have increased. For these reasons, we have encouraged Japan to make every effort to acquire in a timely way the capabilities it has itself determined to be necessary for its defense roles and missions.

Saying that, it should be made clear that neither we nor Japan's Pacific neighbors desire an unwarranted expansion of Japanese forces or the adoption of offensive or regional military roles.

The U.S.-Japan security partnership threatens no one, and the improvements necessary to carry out Japan's goals, which I have mentioned, would not alter that fact.

We have now divided defense roles and missions between us. The United States provides a nuclear umbrella and, if necessary, a power projection capability; Japan is responsible for the defense of its territorial land, air, and sea, and Japan has undertaken to provide for the defense of sealanes out to 1,000 miles. The division is a logical one, fitting well our respective capabilities and restrictions. More importantly, the sum of our combined efforts can effectively prevent and contain aggression against Japan and helps preserve peace throughout the Far East.

We are not asking for Japan to do the impossible. A meaningful defense is well within reach. For instance, Japanese support for U.S. bases already totals over \$1 billion per year—or about \$20,000 for each American serviceman stationed here—and makes possible the American military presence that contributes to regional peace and stability. We welcome the fact that Japan for many years has been steadily and responsibly increasing the size of its defense budget. We also appreciate the increased attention that Japan is paying to such things as the ability to conduct defensive operations for a realistic period of time and to the need for Japanese and American forces to operate together effectively in wartime—for instance, in logistics, communications, and intelligence sharing.

The commitment to attain needed defense capabilities must be sustained. We recognize well that, in a democracy, domestic considerations do affect defense budgets. We would not have it any other way. But the lesson of history is that the best, indeed, the only way to deter aggression is to be ready to face it if it comes. Japan can, should, and will do still more for its own self-defense; but the record of progress in recent years is encouraging.

Global Cooperation

Nevertheless, although the postwar security relationship underscores the close partnership between the United States and Japan, that partnership is far broader than just security issues. At the 1983 Williamsburg summit, Prime Minister Nakasone proclaimed that Japan would pursue an international political

role commensurate with its economic strength. He affirmed to his summit partners that Japan's political role would be a positive one as a member of the West, and Japan has, indeed, been a steadfast alliance partner in the 1980s. Japan and the United States have an ongoing dialogue on such vital matters as the Strategic Defense Initiative, nuclear arms control, and the safeguarding of strategic technology from the Soviets. And Japan has provided outstanding and often critical support for the Western response to the Rangoon bombing, the KAL [Korean Air Lines] shootdown, the invasions of Afghanistan and Cambodia, and the Polish crackdown.

We cannot forget that ours is a partnership that accounts for one-third of the world's GNP [gross national product], nearly one-quarter of the free world's trade, and much of the world's advanced science and technology. Both Japan and the United States are economic superpowers, and when we do something together, the rest of the world notices. This is the true meaning of the "international partnership" referred to by Secretary Shultz at the Shimoda Conference in 1983.

We are now the first and second largest contributors of foreign aid, providing over \$11 billion between us. Japanese foreign aid, of course, has been particularly important in Asia, where the Japanese aid program to China is the largest from any single source. Both we and Japan have welcomed China's more pragmatic approach to modernization. We believe the role both our countries can play in supporting China's development efforts with capital and technology will reinforce that pragmatism, further broaden Beijing's contacts with the West, and encourage its constructive role in regional and global affairs.

Japan has also begun to give significant economic assistance to the Republic of Korea, following the historic exchange of visits between Prime Minister Nakasone and President Chun. Both we and the Japanese believe that peace on the Korean Peninsula is essential for regional security and have recognized the role we can play in helping the Korean economy bear its heavy security burden and assisting democratic development in that country.

Beyond Asia, as well, Japan has increased dramatically its assistance to nations of concern to the West. For instance, Japan is now the number two donor of foreign assistance to Pakistan

and a major donor to Egypt and Turkey. In 1983, Japan contributed more than \$240 million to the countries of Central and South America; that is an increasing share of an increasing budget and is of great importance to the stability of a region that lies on my country's doorstep.

We have recognized that we share global responsibilities, that our relationship cannot be confined in its impact to one corner of the world. General MacArthur summed it up well: "The issues are global and so interlocked that to consider the problems of one sector, oblivious to those of another, is but to court disaster for the whole."

Conclusion

Japan and the United States have come a long way toward meeting their full potential as global partners. We can and will do even more in the coming years. We will resolve our trade problems because we must.

We must do that, and there is much more that we can and must do. We can build a defense that will ensure the safety of our children and of future generations. With our two great economies, we can provide prosperity and opportunity for every Japanese and every American. Through access to our markets and our capital, we can help other nations to achieve the same goals. The vision that we share of free, democratic countries prospering together in a peaceful world is a noble vision. It is a vision that is worthy of our two great traditions. Working together, we can make it come true. ■

Visit of Singapore's Prime Minister

Prime Minister Lee Kuan Yew of the Republic of Singapore made an official visit to Washington, D.C., October 7-11, 1985, to meet with President Reagan and other government officials.

Following are remarks made by the President and Prime Minister at the arrival ceremony on October 8, 1985.¹

President Reagan

It gives me great pleasure to welcome Prime Minister Lee Kuan Yew and Mrs. Lee of Singapore. We greet you today not only as the leader of Singapore but

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also as a friend and as a senior world citizen—a statesman.

The dazzling success of Singapore in these last two decades shines as a tribute to the hard work and ingenuity of its people and also as a monument to the wise leadership that you have provided your countrymen over your 26 years in office.

Today it is common to hear of the vitality and progress of the Pacific rim; perhaps more than any other, your country exemplifies the spirit which is catapulting Pacific rim nations into a new age. The people of the United States are committed to being part of this great experiment in enterprise and freedom. We are and will remain a Pacific rim country.

Consistent with this, our two countries enjoy everbroadening commercial ties. Two-way trade between us continues to grow rapidly. The United States is now the largest foreign investor in Singapore—over 400 U.S. corporations have a presence there. Our people are joined together in a multitude of profitmaking enterprises that benefit all concerned. As in many parts of the world, Singapore is struggling to overcome the effects of the international economic downturn, yet your people are free with every reason to have faith in tomorrow.

Freedom is the mainspring of progress that has enriched the lives of our people. Competition, the profit motive, low tax rates that increase incentives to work, save, and invest—these have accomplished much. It is the way to better lives, not only for people in the developed nations but, as you've proven, in the developing nations as well.

The well-being and happiness of our two peoples is living evidence of the rightness of this past. I'm certain that you will agree that relatively free and open trade has been a key element of our success. Your country has one of the most open trading markets on the planet. A principal foreign policy objective of the United States is to protect and expand free trade by opening markets now closed or unfairly regulated. This will be a major goal at the next round of trade talks.

In striving to accomplish this, I hope, as has been true in so many other areas of common concern, that we can stand shoulder to shoulder. Protectionism is a threat to the living standards our people have worked so hard to build. Once unleashed, it will set in motion a cycle of reaction and paralysis, eventually destroying those it claims to protect.

I look forward to our discussion today. I'm confident that people of good will working together can make our international trading system work, defeat protectionism, and tear down unfair trade barriers. And you can be proud that under your leadership, Singapore has not only moved forward economically, but it has also stood for democratic government, human rights, and international peace. As a country, like the United States, composed of citizens with many philosophies and religions, your democratic institutions encourage social harmony by protecting the rights of the minority and offering peaceful resolution to differences and conflict.

As a genuinely nonaligned nation, Singapore is independent and beholden to no country; we respect this. We also admire that, although nonaligned and independent, you have demonstrated a sense of responsibility that few can match—playing a constructive role in the world community of nations and in the Asian-Pacific region.

Most heartening has been the stand Singapore and its colleagues in the Association of South East Asian Nations have taken against the Vietnam occupation of Cambodia and ASEAN's reasonable proposal for a political settlement returning self-determination to the Cambodian people. You and other ASEAN nations have waged a successful diplomat offensive, rightfully denying international respectability to the Cambodian puppet regime. At the same time, support has been provided to the noncommunist resistance to this aggression.

The United States applauds and supports this courageous effort by its ASEAN friends. Our two peoples, though separated by thousands of miles, have much in common. We both cherish our political and economic freedom. Our populations are composed of people who are fiercely competitive, who strive for and expect perpetual progress. We're builders, entrepreneurs, people of wisdom. It's natural for us to be friends and to work together, and I'm grateful to have this opportunity to meet with you and discuss a broad range of issues and to renew our personal friendship.

Prime Minister Lee

It is an honor to be received by you as robust as ever. Great leaders mirror the qualities of the nations they lead, and I see in your demeanor an America at peace, prosperous, and facing the future with confidence.

Since 1945 American leadership has been a constant factor in an ever-changing world. What the leader of the world's most powerful country and the world's largest economy does affects Singapore and the rest of East and Southeast Asia. Twenty years ago, there was no external power that could have challenged the preeminence of the United States in Southeast Asia. In 1975, when the communists captured South Vietnam, Laos, and Cambodia, the outlook turned bleak. Few dared to believe that American resolve to stay in power in the region would not melt, that the U.S. fleet and Air Force would continue to be based in the region.

What is more, America's economy has boosted growth in the noncommunist countries of Southeast Asia and made them peaceful, prosperous, and confident societies. Out of the travail in Vietnam and its tragic ending, the noncommunist countries of Southeast Asia came to understand the imperative of self-reliance and of cooperation between themselves. They grew closer together in political and economic cooperation as member states of the Association of South East Asian Nations. They have sustained stability and achieved rapid economic growth.

I first visited the White House 18 years ago, when I was welcomed by President Lyndon Johnson. Since then, the bonds of common interests between Singapore and the United States have grown deeper and more extensive.

I look forward to my discussions with you and your colleagues, and I'm sure that our discussions will be positive and constructive. The ties between the United States and Singapore will strengthen, for it is an association that rests easily on both of us and our governments and brings mutual benefits.

¹Held at the South Portico of the White House where the Prime Minister was accorded a formal welcome with full military honors (text from Weekly Compilation of Presidential Documents of Oct. 14, 1985). ■

The Relation of Japan's Economic Inefficiencies to Its Balance of Trade

by W. Allen Wallis

Address before the Japan Society in New York City on October 18, 1985. Mr. Wallis is Under Secretary for Economic Affairs.

The Japan Society is known as the premier organization in this country concerned about Japan and our relationship with that important Pacific power. You must, therefore, be concerned, as I am, about the current debate on trade and what it may portend for the future of relations between the United States and Japan. So I thank you for this opportunity to discuss that subject with you.

For years there have been problems about our trade with Japan. What is new and dangerous today is the intensity and emotion with which trade problems are viewed by many Americans. Concern about our trade relationship comes at a time when our bilateral deficit with Japan and our global trade deficit both are at record levels.

Even though we have a number of legitimate grievances about restrictions on our access to Japanese markets, I believe that it is the size of our deficit with Japan, more than any specific problems, that is driving the debate on Capitol Hill today. If that is correct, opening access to Japan's markets will not be sufficient to lower the temperature on the Hill, because opening access to markets will have little effect on our balance of trade with Japan. At best, opening access will simply redistribute our trade deficit among countries and among products. Our total payments deficit is essentially equal to the amount by which total investment in the United States exceeds our domestic savings. Similarly, Japan's payments surplus equals the amount by which her domestic savings exceed total investment. That is why the Japanese Government is taking steps to expand the demand for investment in Japan, something which we enthusiastically endorse.

Even though opening access to markets will do little to redress the balance of payments, it nevertheless is extremely important. One reason is economic; another is political.

Economically, opening access to Japan's markets will make trade between the two countries more beneficial to both. It will enable each to specialize in those goods and services where its comparative advantage lies and trade them for the goods and services in which the other country has a comparative advantage. By this specialization and trade, each country gets more of all the traded commodities than if it had produced them only at home.

For political reasons, also, we must work to open foreign markets to our goods and services, not just Japanese markets but all markets, if we are to succeed in keeping our markets open. The protectionist mood in the United States is at its strongest point in years. When a company has a product that foreigners would like to buy if they could, but they can't buy it because of barriers erected by the government of those potential buyers, the would-be exporters are irritated, if not downright infuriated. And the reaction is intensified if exporters from other countries have far freer access to our markets than we have to theirs. Over 300 protectionist measures have been introduced in the Congress this year, many aimed at Japan.

As this group knows well, opening Japanese markets has been a primary goal of U.S. trade policy for years. Indeed, there are many people on both sides of the Pacific—government officials, lawyers, lobbyists, and journalists—who have made careers out of our trade problems. But Japan is a special focus of congressional and public attention today because our bilateral trade deficit with it is the largest we have ever had with any country and because Japanese consumer products are so visible in our streets and homes. The demands for protection from foreign imports, therefore, usually include specific calls for action to "get tough" or "retaliate" against Japan.

The most frequently cited statistic in U.S.-Japan trade relations is the size of our bilateral trade deficit—\$37 billion last year and a "guesstimated" \$50 billion this year. As the doomsayers like to point out in ominous tones, this is the largest trade deficit we have ever had with any country in history. There are

many other figures, of course, that also are the highest in our history—our GNP [gross national product], the number of Americans with jobs, and our exports to Japan.

Less noted is the growing imbalance in the ratio of trade between our two countries. In 1981, Japan exported twice as much to us as we exported to them, but today Japan sends us nearly three times as much as we send them. Japan is growing more dependent on the United States as an export market. While we received only 25% of Japan's exports in 1981, today over one-third of Japanese exports come here.

Japan as a Success Story

Many of you are old enough, like me, to remember when "made in Japan" was a synonym for "shoddy" and Japan had difficulty selling its products abroad.

In 1958, the *Economist* in London published the first of its periodic surveys of Japan. The *Economist* was concerned about the viability of Japan's economy. "Japan has to find a way of paying for a 10% rise in imports every year, in order to keep the economy expanding at the required speed," the *Economist* said. But to do so, Japan "will have to export roughly twice as much as it does now, to a world that appears increasingly unwilling to help it do so."

This, of course, was the thesis that was drummed into the head of every Japanese above kindergarten age: Japan had to export to live. It had to earn foreign exchange to buy food, oil, raw materials, and capital equipment. In the same year, 1958, the U.S. Tariff Commission said:

Japan's ability to maintain a viable economy is, of necessity, dependent on maintenance of an expanding volume of foreign trade, and its choice of trading partners will largely govern the composition of that trade. The choice, however, will be circumscribed by the willingness of various countries to receive the kinds of goods that Japan can profitably make. These countries, in turn, must consider the impact on their respective economies of receiving such goods.

In those days, the Japanese were running a trade deficit with us. John Foster Dulles had warned them just a few years earlier that, if they wanted to expand exports to correct that imbalance, they would have to look elsewhere in Asia because Japan did not make anything that Americans wanted.

As the *Economist* pointed out, however, most of the countries in Asia to which Japan's chief hopes were pinned were still suspicious of Japanese intentions so soon after the war, and, anyway, the Asian countries were too poor to buy much. Japan was forced, therefore, to turn to America for an opportunity to earn the foreign exchange that it needed to survive.

So, notwithstanding John Foster Dulles' well-intentioned advice, the Japanese tried to make products that Americans would buy. It was difficult for Japanese companies at first. In 1957, when Japan was still famous for dishes, stainless steel tableware, and \$1 blouses, Toyota shipped its first cars to the United States—288 of them—and sold them through five dealers. They cost \$2,300 each, compared to \$1,600 for a Volkswagen beetle. Toyota's own president says that the quality of his cars was so bad that they broke down frequently on American highways. I can testify from personal observation that they also broke down in droves on the Japanese mountain roads from Tokyo to Nikko. Toyota retrenched, let go half of its U.S. staff of 65 people, and waited nearly 8 years before it reentered the U.S. market in a major way. The rest is history—and current events.

It was during the 1960s that Japan transformed its domestic economy and became the great export machine that it is today. That story is well known and needs no elaboration. There is no denying Japan's success as an exporting nation. Japan produces many products of high quality that the world wants and at prices that it is willing to pay. The Japanese "economic miracle" is praised as a model for others to emulate. Many have emulated it: witness the rise of the "four tigers"—Korea, Hong Kong, Singapore, and Taiwan.

Japan has developed a very efficient export sector within its economy. Moreover, that sector has shown a remarkable ability to adapt to change. In the 1970s, Japan faced higher wage rates, higher prices for energy and other inputs, a more expensive yen, and new competition in low-wage goods from the "four tigers" and others. All of this meant the end of the economic and foreign trade structure that Japan had developed in the 1960s. Japan had developed what many called a "bicycle economy": it had to keep riding or fall off. To survive, Japan had to transform itself again, just as it had in the 1960s. Japan produced a new "industrial

vision" of its future, and it moved from labor-intensive, low-wage industries to knowledge-intensive, high-technology fields such as computers, semiconductors, and telecommunications. In addition, its companies also made major investments and paid higher wages through productivity. Rather than watch its steel, automobile, shipbuilding, and consumer electronics industries migrate to lower wage countries, Japan tried to stay in the game by innovating and by producing products of better quality with high value added.

Today, Japan's large trade surplus with us and the rest of the world leads some people to say that Japan has not only succeeded but exceeded; the "bicycle economy" has become a roaring motorcycle—even a jet airplane.

But what is the cost of this to Japan? Japan's trading relationships with many countries are endangered today. How stable are the economic and foreign trade structures that Japan has developed when they depend on consistent trade and financial surpluses and the good will of the rest of the world?

Internal Inefficiencies in the Japanese Economy

Japan's success in its export sector has created the appearance of a miraculously efficient economy. Notwithstanding that popular image, however, much of the Japanese economy is astonishingly backward and inefficient. It is ironic that Japan, which in its foreign trade has been so effective in directing its resources and talents into the most productive areas, has not allowed the same kind of efficiencies to operate in its domestic sector. A few examples:

Agriculture. America's farmers are five times as productive as Japan's and could provide food to Japanese consumers at a much lower cost. Yet they are prevented from doing so in many cases because of quotas and high tariffs. Many of the products that we are interested in selling—for example, wine, beef, citrus, and fruit juices—are marginal to the Japanese diet, and the economic impact on Japan's farmers of a more open market for these products would not be great. Rice is a bulwark of the Japanese

diet, especially at the lower income levels, yet it sells there for about seven times the world price. Soybeans also sell for about seven times the world price. Because an inefficient sector is protected, the Japanese consumer pays the price, as does the Japanese economy as a whole.

Forestry and Paper Products.

Japan has no problem buying logs from us—in fact, they go in duty free—but if our sawmills, which are much more efficient than Japan's, cut those logs and process them into plywood or paper, Japan levies a high tariff on them. The result? Japanese houses and furniture are more expensive than they need to be. Every time anyone in Japan puts pen to paper or remodels his house, he is subsidizing an inefficient industry. A lumberman told me that he has seen many mills in Japan that are more primitive than any that have operated in this country in this century.

Retailing and Distribution. Japan's cumbersome distribution system raises the price of goods, especially imported goods, and also restricts their availability. Japan's retailing law limits the size of stores, so even though a larger retailer could provide a greater variety of goods at a lower price, he can be prevented from doing so.

Depressed Industries. When industries in Japan become depressed, Japan moves to subsidize them by providing specific tax benefits and loan guarantees; it also protects a number of them by organizing cartels that bar lower priced imports. Industrial users, therefore, are forced to buy the more expensive products of an inefficient domestic industry. Today, 22 industries in Japan—most of them in such basic materials as petrochemicals, fertilizers, paper, textiles, and aluminum—are classified as depressed.

Buying Practices. Many Japanese companies prefer to buy products made by companies in their own "group" or with which they have been doing business for many years. I recognize that part of the reason for this has to do with the nature of Japanese society. But the result is that outsiders, whether foreigners or Japanese, are excluded, and this prevents the end-user from obtaining the best product at the best price. I recognize, also, that this practice has not been unknown in our own country, though deregulation, intensified competition, and foreign imports have reduced it to insignificance.

Financial Markets. Japan's postwar financial structure has taken the savings of the Japanese people and diverted them primarily into industrial investment. Today, Japan's companies are financing much of their investment from new stock issues and corporate profits. Yet Japan's high rate of savings continues, so the surplus has been moving overseas, lowering the value of the yen and expanding Japan's exports. Japan could put more of its savings to work at home. Yet its financial system does not effectively channel Japan's large savings into their most productive uses where they would bring most benefit to the Japanese people. We believe, for example, that there is an unfilled demand in Japan for consumer credit and housing loans—and, indeed, just this week the Japanese Government announced proposals to meet this demand.

The Relation of Japanese Inefficiencies to Our Trade Deficit

As I said earlier, the surplus in Japan's balance of payments is essentially equal to the excess of its domestic savings over its investment. Its savings are large, but because its economy, except for export industries, is generally inefficient, only part of those savings is invested in Japan. A large part of the savings is invested abroad, thus lowering the exchange rate of the yen against the currencies of those countries in which the savings are invested. Chief among the countries receiving the investments is the United States, because of the excellent returns and the prospects here. An important step toward reducing Japan's payments surplus is to raise the value of the yen, and an essential requirement for this is to increase the attractiveness of Japan to investors—both Japanese and non-Japanese investors. Increasing the attractiveness of investment in Japan requires drastic measures to reduce the inefficiencies that characterize much of the Japanese economy except for those conspicuously successful export industries.

This is the kind of "demand expansion," not fiscal deficits or public works, that will benefit the Japanese people and also reduce the trade imbalance—that is, expansion of the demand for investment in Japan.

Current Steps To Reduce Japan's Barriers to Imports

Many of the inefficiencies in the Japanese economy that I have described are in the areas that we have under discussion in our current intensive trade talks with Japan.

The basis of international trade is comparative advantage. A country should export what it is more efficient at making and import what it is less efficient at making. Japan is good at making cameras and consumer electronics and watches and cars; so we buy them, and so does the rest of the world. We are better than Japan at making satellites and wine and plywood and telecommunications switching gear. We believe that we should be selling more of these products in Japan. Japan enjoys essentially open markets here for products in which it has a comparative advantage, and this openness benefits both us and Japan. But Japan's home market has been excessively closed to those products and services in which our comparative advantage lies, and this closure reduces the economic welfare of both the United States and Japan.

We have been engaged since January in intensive trade discussions with Japan called MOSS—that stands for market-oriented, sector-selective. Prime Minister Nakasone and President Reagan agreed last January that, instead of approaching our trade problems in a piecemeal, barrier-by-barrier fashion, we should look at all barriers in an entire sector. We chose four sectors to start with—telecommunications, electronics, medical equipment and pharmaceuticals, and forest products.

Our goal in the MOSS discussions has been to identify and remove impediments to imports into Japan. We chose carefully four sectors in which we are competitive, in which we have good products, and in which we could sell more to Japan.

We have made important progress already, but both Japan and the United States recognize that much more needs to be done. We have done very well in the hard-wired telecommunications sector, though not yet in wireless telecommunications. We have made good strides in medical equipment and pharmaceuticals also, and we are moving forward in electronics. Progress in forest products, so far, consists only of enhanced hope.

Conclusion

There is a clear link between the inefficiencies in Japan's domestic economy and our trade imbalance. If we achieve open markets in Japan in these four MOSS sectors, as well as in other sectors that we have under discussion, it will not be the United States alone that benefits. Japan will benefit, too. Its consumers will benefit from lower prices and greater choice. Its companies will be able to buy products with better technology at more reasonable prices. Its economy as a whole would be more efficient if regulatory processes and approval procedures were reduced, and this would attract investments and would reduce the trade imbalance.

The benefits to Japan of a more open and internationalized economy will not be within its domestic economy alone. Japan's relations with the rest of the world surely would improve, and calls for restrictions on Japanese imports would lessen.

Finally, Japan would make a major contribution to preserving the world trading system from which it has benefited so greatly and on which its own economic survival depends.

All of this is something that Prime Minister Nakasone, Foreign Minister Abe, Finance Minister Takeshita, and other leaders of the Japanese Government recognize fully. We applaud their vision and courage in working for the internationalization and liberalization of Japan's markets.

Today, the United States is at the most important crossroad in trade policy since 1930. The decisions to be made in the next few months can shape our economic destiny for decades to come.

Japan stands at that crossroad, too. Together, we must work to ensure that both our countries continue to take the right path—the path that for the past 40 years has taken both our nations into an era of peace and unprecedented prosperity. ■

Open Markets: Key to a Stronger, Richer, and Freer America

by W. Allen Wallis

Address before the Atlanta World Trade Club on October 10, 1985. Mr. Wallis is Under Secretary for Economic Affairs.

My interest in trade policy began during my college days, when the Smoot-Hawley tariff was a popular topic for debate. Over 1,000 economists urged President Hoover to veto the legislation. He didn't, demonstrating that economists were respected just as much in 1930 as they are 55 years later. For once, the economists were right, and the Smoot-Hawley tariff became part of a chain of events that dragged down the nations of the world into the Great Depression and culminated in the Second World War.

I have seen also the United States emerge from protectionist policies to establish, in the aftermath of World War II, a system of fairly free trade based on international rules. Under that system, we and our trading partners have enjoyed an era of peace and unprecedented prosperity.

Today, the United States is at the most important crossroads in trade policy since 1930. Decisions to be made in the next few months can shape our economic destiny for decades to come.

President Reagan has chartered an approach grounded on deregulation at home and free and fair trade abroad. His strategy would expand opportunities for free men and women, working through free markets, to innovate and invest in the future. His program would make America stronger, richer, and freer.

Other voices call loudly for extensive government intervention in the economy at home and protectionist actions to curtail imports from abroad. Their program would make America weaker, poorer, and less free.

I am one of the few people in this room—or in Washington, either—who during his adult life has seen the decision made each way and experienced the consequences. Ronald Reagan has experienced the same history, and I can assure you that not once in many discussions of trade policy have I heard him fail to refer to the Smoot-Hawley tariff and its sequel.

The Role of Competition

Competition within a structure of relatively free domestic and international markets is the key to our security, our prosperity, and our liberty. In recent years, competition has burst out in many sectors of our economy. In response to deregulation, tax incentives, and reduced inflation, there has been an outpouring of new products and services, especially in telecommunications, transportation, and finance. Hundreds of thousands of new firms have been established.

During the past 3 years, the results of this unleashing of competition have been remarkable.

- Gross national product (GNP), after discounting for inflation, has increased by nearly 13% since 1982.
- The benefits of economic growth have been disseminated broadly. The unemployment rate has declined from nearly 10% in 1982 to less than 7% now.
- Inflation has fallen to 4% per year or less.
- Interest rates are only about half of what they were.

Notwithstanding our strong economic performance, there is a great deal of loose talk to the effect that the United States is losing its competitive edge, that we are "exporting jobs," and that the country is being "deindustrialized." Yet the facts are the opposite. While many U.S. firms and industries are facing stiff competition, much of it from foreigners, our country as a whole is more efficient and more productive than ever; and our industrial base, while changing, is not weakening.

First, consider jobs: in 1980, when we had a surplus in our trade in goods and services of about \$9 billion, total U.S. employment was under 101 million. Today, we have a trade deficit of around \$100 billion, and total employment is over 108 million—the highest in history. It is said that we have "exported jobs." But where are they? In other countries, unemployment has not fallen as it has here. Those jobs that some would have you believe were exported have simply been shifted around in this country, and more than 7 million new jobs have been added.

By one estimate, about 10% of our work force lose their jobs every year, even if unemployment is steady and total employment is rising. So perhaps 50 million jobs have been lost since 1980. The fact that 2 or 3 million of those were due to imports is not significant. What is important is that more jobs were created than were lost.

Second, consider "deindustrialization." Are we losing our industrial strength to foreign imports? No, we are not; but the composition of our manufacturing output has been changing. In the 35 years since 1950, the share of manufacturing in total economic activity has been remarkably stable, varying between about 23% and 25% of GNP. Manufacturing is sensitive to the business cycle, and its percentage of total output is higher during expansions and lower during recessions. Despite a record trade deficit last year, output in manufacturing was about 24% of GNP.

Some sectors within manufacturing, however, have grown much faster than others, and some industries, such as primary metals, leather goods, and tobacco, are in long-term, secular decline. Others, such as glass, motor vehicles, other transportation equipment, and petroleum, have shown no upward trend during the last 10 years. But virtually all other sectors have been growing at or above average GNP rates during the past decade or more and remain basically sound despite some spots of turbulence.

But, you may ask, isn't the fact that we have a large trade deficit evidence that we have lost our competitive edge? The truth is that the trade deficit, by itself, reflects nothing about our competitiveness. What it reflects is that economic activity has been stronger and more vigorous in the United States during the last few years than it has been in most of the countries with which we trade, so our purchases (both foreign and domestic) have grown more than theirs have. The trade deficit reflects also the fact there has been a remarkable surge of net capital flow into the United States—a surge which is the mirror image of our trade deficit. We need to be sure that we understand the cause of the trade deficit, otherwise we may take actions which not only fail to help but may be harmful.

As a result of a resurgence of confidence in America, foreign capital has flowed into the United States at a high rate since 1980. The truly striking result of renewed confidence in America, however, has been not the inflows of foreign capital but the extent to which Americans have stopped exporting their capital and are investing it here to take advantage of the high returns on investment as well as the greater security of investment here. The reduction in outflow has resulted in a large increase in net inflow of capital to the United States.

The massive net inflow of capital has had many effects. First, it has strengthened the value of the dollar relative to other currencies. This has given Americans a greater command over goods and services produced abroad and, in a very real sense, made us richer. Furthermore, keeping our capital at home has helped finance a major investment boom that has made us more efficient, helped create new jobs, and laid the basis for future growth. Private investment is stronger than it has been for more than 30 years.

The strong dollar, however, also has caused some problems. U.S. exporters, including farmers, have found it harder to sell abroad because their prices, measured in foreign currencies, have risen. Industries that compete with imports—notably steel and textiles, but also others—have been subject to intense competition. Some people have concluded wrongly from these facts that the Administration has no policy for dealing with the problems that the rapid pace of change in the 1980s has created.

The Administration's Trade Program

President Reagan has pursued, and recently has strongly reaffirmed, a program that will keep our country strong and competitive while, at the same time, addressing constructively the problems caused by rapid change and the strong dollar.

First, and most important, the President has directed the government to engage our trading partners in a new round of negotiations designed to strengthen the rules under which international trade is conducted. Last week, at a special meeting in Geneva, the United States gained the agreement of other countries to accelerate preparations immediately for a new round of multilateral trade negotiations. U.S. objectives in this new round include:

- Improved access to other countries' markets for services;
- Better protection of our intellectual property rights (patents, copyrights, trademarks);
- Fairer rules for trade in agriculture, including discipline over export subsidies;
- Freer trade in products in which we have a comparative advantage, for example, high-technology products; and
- Fairer rules governing actions nations may take to "safeguard" troubled industries.

Second, we are exploring actively the advantages that might be gained from a bilateral free trade area with Canada. Closer trading ties with our northern neighbor, which is our largest trading partner, would bring increased prosperity to both of us.

Third, the President has initiated investigations of unfair trading practices by foreign countries. We are investigating Korean restrictions on foreign insurance companies, Brazilian laws that restrict computer imports, and Japanese restrictions on imported tobacco. We are looking into additional unfair practices, and further actions will be announced soon. This is the first time that such investigations have been started by the government itself instead of waiting for private industries to request them.

Fourth, the Secretary of State is accelerating market-opening negotiations with Japan, which already is our largest overseas customer. Last January, in a meeting with President Reagan, Prime Minister Nakasone took the initiative in suggesting these negotiations. They are unique in that both sides have the same set of instructions—to identify and remove impediments to access to Japan's market. We have made significant progress in telecommunications and in medical equipment and pharmaceuticals and some progress in electronics. Progress in forest products is lagging.

Vigorous implementation of this program can assure that markets will be open to competitive American exports in the years ahead and that trade will be conducted according to rules which are fair for all. These are important goals which must be pursued because neither trade nor our economy will flourish unless there is widespread confidence that the system governing trade is open and fair. However, these actions, by themselves, cannot correct our trade imbalance. That requires more fundamental changes within our own economy and in the economies of our main trading partners.

The President and the Administration have, in fact, been emphasizing these points ever since they took office over 4 years ago. I have personally observed the President expounding them during each of the last three economic summits of industrialized countries. At last spring's summit in Bonn, there was broad agreement on strategies to achieve these objectives. The pace of change, however, has been slow, and the pressure to take counterproductive protectionist action has intensified in the months since Bonn.

Accordingly, the President authorized Treasury Secretary Baker to meet with key finance ministers last month in New York to seek agreement on ways other countries could improve their economic performance and strengthen their currencies. These nations have begun to understand that they need to remove regulations, rigidities, and tax disincentives that hinder growth in their economies. Europe and Canada, for example, continue to experience slow growth and unemployment of 11% or more and rising. Many European leaders have told the President that they want to learn from our experience.

Much of the Japanese economy, notwithstanding its popular image, is inefficient, with numerous depressed industries and a financial system that does not effectively channel large savings into the most productive uses. The government there is actively considering measures that would reduce Japan's trade surplus by providing incentives to invest more of its savings at home.

The United States will need to do its share to restore better balance in the world economy. As the President emphasized in his radio address last Saturday, he is committed to reducing excessive government spending. He urged Congress to enact legislation that would improve prospects for achieving a balanced budget by 1990. This will enhance our competitive position by releasing resources that could be used more productively in the private sector.

The President is pushing hard also for tax reform. Analysis by the Council of Economic Advisers shows that the tax proposals will strengthen U.S. economic performance by improving the allocation of capital, reducing tax evasion, increasing incentives to work, and reducing distortions in consumption.

Taken as a whole, the President's program will keep our economy tough, resilient, and growing. This will assure that the economy will be able to support

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the defense effort needed to protect ourselves and our friends and allies. It will provide the stimulus to innovation needed to maintain a technological edge over our adversaries. Open markets and competition will help keep us strong.

The President's program will open new opportunities for mutually beneficial trade. As we expand into new markets, we will exploit the gains to be had from an international division of labor based on the principle of comparative advantage. Open markets and competition will make us richer.

Finally, the President's program will minimize the Federal Government's interference with commerce. The government does not need to tell producers what they can make or consumers what they can buy. By restraining the scope and the size of government, the program will allow our citizens to make their own decisions on economic issues. Open markets and competition will make us freer.

Protectionism

There are voices that call loudly for another approach, one based on govern-

ment intervention and protectionism. There are said to be more than 300 pieces of protectionist legislation now before the Congress. But trade restrictions would undermine, not enhance, our competitiveness.

Trade restrictions will raise prices that American workers pay for consumer goods and that businesses pay for imported materials. Reducing imports would further strengthen the dollar and, thereby, aggravate our competitive problems. Exports would fall, and we would still be left with a large trade deficit.

Import restrictions will not create jobs. At most, they will redistribute jobs from more productive to less productive work. By keeping both capital and labor in relatively unproductive uses, protectionism impedes economic growth and depresses real income.

Import restrictions will not open foreign markets. If the world's greatest trading nation goes protectionist, other nations will retaliate against us—or emulate us—by imposing restrictions of their own.

The textiles and apparel industry, which is of particular concern in this

region of the country, faces difficult problems. Protection is unlikely to solve those problems. Consumption has grown only 1% per year or less since 1972. The recession of the early 1980s, the strong dollar, and slow growth of foreign demand have affected all U.S. industries, but those suffering from long-term structural problems, like textiles and apparel, have been particularly vulnerable.

Import penetration is low, reaching only 7% in 1984 for textiles and 20% for apparel on a value basis. Imports rose rapidly in 1983 and 1984, although import growth is down in 1985. Profits have fluctuated in the textile and apparel industries, but profits in textiles have increased by 22% between 1979 and 1984. The textile industry has adjusted to foreign competition by strong capital expenditures, technological innovation, and productivity growth. Productivity growth has been triple the national average in the last decade. Textiles, however, remain labor intensive, with the fourth lowest output per worker among U.S. industries. Still further productivity gains, not increased protection, are the key to the well-being of owners and mill workers. Increased protection will only raise costs to consumers and inhibit the progress toward modernization and innovation that is taking place in the industry.

The South—and Atlanta, in particular—is adjusting to foreign pressures on textiles in much the same way that my home city of Rochester, New York, adjusted to pressures from the South on the shoe industry and men's clothing industry, both of which once were centered in Rochester. No shoes have been produced there since before the First World War, and only one maker of mens' suits remains. The shoetree companies, the button factories, the makers of shoelaces, neckties, belts, and cuff links—all are gone and nearly forgotten, their jobs "exported" to the South. But are their workers unemployed? Of course not. In fact, few of the industrial workers in Rochester today would deign to work for the pay of the shoe industry. Instead of shoes and suits, they are making photographic products, copying machines, optical products, machine tools, catalytic converters, telecommunication equipment, blood analyzers, and other high-technology products. Indeed, in large measure, it was the opportunities offered by these new industries that drove out shoes and clothing, which could not match the pay offered in the new industries. The same

Situation in Poland

PRESIDENT'S STATEMENT, OCT. 21, 1985¹

I had the pleasure today to meet Mr. Jerzy Milewski, the distinguished representative in Brussels of the Polish labor union Solidarity and a close friend of Nobel Peace Prize Laureate Lech Walesa. We discussed a subject of great interest to me, the situation in Poland.

I told Mr. Milewski of my high hopes that the amnesty declared in July 1984 would represent a giant step toward national reconciliation. Unfortunately, most of the recent news from Poland has not been good. The number of persons detained for purely political reasons has once again risen sharply. Amendments to the penal code have gone into effect which empower the authorities to make summary judgments on a wide variety of so-called crimes. A new law on higher education impinges severely upon traditional academic freedoms. Amendments to the 1982 trade union law effectively rule out *de jure* trade union pluralism for the foreseeable future. The parliamentary

elections just concluded, and like elections before them, have failed to provide a genuine public mandate for Poland's legislative representatives.

Mr. Milewski and other thoughtful observers of the Polish scene understandably feel deep concern over this trend of events. History proves that increased repression only aggravates current problems and sows the seeds of future discontent. I continue to believe that a genuine dialogue between the government and important elements of society, including free and independent trade unions, is the only way to solve Poland's serious problems. The release of political detainees would certainly be a prerequisite, both for improving conditions within Poland and for pursuing that country's relations abroad. Mr. Milewski's work in keeping the Western world abreast of his countrymen's efforts to bring their needs and aspirations to the attention of their government is thus extremely important.

¹Text from Weekly Compilation of Presidential Documents of Oct. 28, 1985. ■

kind of evolution is bringing about an impressive rise in the economic welfare of Atlanta and the entire South, as industries that cannot pay high wages are moving on to places—often overseas—where workers do not have the better opportunities now opening here and so have to work for low wages.

Let me summarize:

First, a program of extensive restrictions on imports would make our economy less productive. We would no longer have the dynamic economic and technological edge that we now enjoy over most other economies. Protectionism would damage the economies of our friends and allies around the world. In short, protectionism would leave us weaker.

Second, trade restrictions would erode our prospects for growth and could trigger a chain of events that would lead to a worldwide economic disaster on the scale of the Great Depression. Protectionism would leave us poorer.

Finally, trade restrictions require the bungling hand of government to interfere with the decisions of producers and consumers. To codify and administer protectionist programs, a large bureaucracy is required. And intervention in one aspect of economic life invariably causes economic strains and political pressures that lead to intervention in other aspects. Protectionism will leave us less free.

Concluding Observations

As a postscript, let me point out that the issue of international trade is not really an issue of foreign policy, even though it is true that if the United States follows the path of protectionism, there will be serious, possibly disastrous, foreign policy repercussions. But disputes over international trade are fundamentally disputes between different interest groups here at home and between different visions as to what sort of country we want. President Reagan supports free trade for the same reason that free trade was supported by Presidents Carter, Ford, Nixon, Johnson, Kennedy, Eisenhower, Truman, and Roosevelt: because it is good for the United States. The policies set forth by the President will lead to a stronger, richer, freer America. ■

Foreign Assistance and the U.S. National Interest

by Michael H. Armacost

Address before the Regional Foreign Policy Conference in Kansas City, Missouri, on September 11, 1985. Ambassador Armacost is Under Secretary for Political Affairs.

I am delighted to be with you today, and I congratulate you on one of the largest international seminars of its kind ever held in Kansas City. Today, I would like to talk about foreign assistance—an essential and effective tool of American foreign policy.

In these days of budget stringency, you may consider my choice of topic evidence more of “uncommon valor” rather than of good sense. And it is said that fools rush in where angels fear to tread. But, as a well-known commentator is fond of saying, I want to tell you the “rest of the story.”

Many well-informed and well-intentioned Americans question the purpose, the size, the extent, or the character of our foreign assistance programs. Perhaps the full importance of our programs is not clearly understood, nor the modest cost we pay to achieve important benefits generally known. I would assert quite unequivocally that, dollar for dollar, our foreign assistance program is a low-cost, high-return means of advancing our national interests abroad.

Foreign Assistance and the American Public

This judgment is not necessarily reflected, mind you, in some of the letters we receive at the Department of State regarding America's foreign assistance programs. Let me share an example or two to give you a flavor of the attitudes that many people hold toward foreign aid.

- “We have to work 5 months out of every year just to pay our taxes. Are we going to bankrupt the United States so we can support the world?”
- “Why does our country lend millions of dollars to foreign countries at 2.5%-3% interest, yet I have to pay 13% for a VA mortgage on my house?”

- “If I don't pay my debts the stores cut off my credit. But with developing countries, we just keep shoveling the money down the drain.”
- “We can't do it all ourselves.”

These concerns are legitimate concerns; they are genuine concerns. Yet, we feel they also derive from certain misconceptions, even certain myths, about our foreign assistance programs that are deserving of attention. Let me, therefore, make a few remarks about them.

Some Myths About Foreign Aid

First, there is the idea that foreign aid is a huge program that constitutes a significant drain on the Federal budget. In a December 1984 Roper poll, 61% of a representative sample of adult Americans said we were spending “too much” on foreign assistance. And no wonder, when other surveys show that many Americans believe foreign assistance spending amounts to as much as 40% of the Federal budget.

The facts suggest otherwise. During the height of the Marshall Plan days in the late 1940s and early 1950s, foreign economic assistance absorbed roughly 11% of the Federal budget. Today the economic component of our foreign assistance—development assistance, economic support funds (ESF), Food for Peace program (P.L. 480), and the Peace Corps—comprises a total of about \$12 billion. That works out to less than 1% of the Federal budget or less than one penny of a tax dollar going to assist America's friends and allies around the world.

I would add that the U.S. share of worldwide assistance of all types is shrinking. In the 1950s, America provided over half of all global assistance. In 1983, while still providing the largest absolute amount of aid, our relative share had fallen to less than 30%. Other OECD [Organization for Economic Cooperation and Development] countries—i.e., other industrial democracies—now provide sizable amounts of assistance, and their rates of increase exceed our own. For example, between 1979 and 1981, Japanese foreign assistance doubled; and between 1982 and 1986, its plans call for doubling their program

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again. And the Nordic countries, among others, allocate a substantially larger share of their GNP [gross national product] in aid to developing countries than we do.

A second misconception is that foreign aid—whatever the benefits it may confer on others—represents a massive outflow of dollars from the United States. The truth is that 70% of the money appropriated for bilateral foreign assistance is spent in the United States, not abroad. American firms supply commodities, equipment, consulting services, and other expertise to foreign assistance projects, which are then exported.

Of possible interest to this audience, in FY [fiscal year] 1984, the U.S. Agency for International Development (AID) paid some \$17.2 million to suppliers of goods and services in Missouri and Kansas. Likewise, the Food for Peace program contributes to the prosperity of the U.S. agricultural sector; last year in Missouri and Kansas, the Food for Peace program spent \$158.9 million. Additional sums were spent in support of our security assistance programs.

A third misconception—one with strong emotional appeal—is that aid is a giveaway. We do make grants, of course, and we extend soft loans to some developing countries on easy terms at low-interest rates with extended grace and payback periods. But we do so not out of some misguided sense of altruism but to advance some very specific foreign policy purposes. The sale of American grain at low interest is a case in point. One of every five acres of American farmland produces food for export to the developing world. These sales at favorable interest rates are hastening the development of countries that may someday rank among our best customers. Indeed, already, some of our best customers are developing countries.

Twenty or thirty years ago, Taiwan was struggling to feed its people and was receiving substantial American economic assistance. In 1950, Taiwan's per capita income was less than \$100 a year. By 1980, it was \$2,200—and Taiwan had become a major purchaser of American grain and other products at market prices and is now our seventh largest trading partner. So I think you can see a hard interest which is served, over time, in generating markets through funds at concessional rates.

A fourth misleading suggestion is that the Third World does not pay its debts. A third of our official economic assistance has been extended on a loan or credit basis. These loans are being repaid with interest. Third World countries know they must make their payments to preserve their credit ratings. It is, thus, not surprising that, overall, the repayment record has been quite admirable, with defaults of all loans extended amounting to only a fraction of 1% since 1946. Commercial banks would envy such a record.

A fifth common misconception is that America carries virtually the whole foreign aid burden itself. People often ask why America's friends and allies don't carry their fair share of helping other countries around the world.

Again, the facts may surprise you. Japan has become the second largest donor of bilateral and multilateral official development assistance worldwide. Japan contributes sizable amounts of aid, not only in its own area but also in Africa, Latin America, the Middle East, and Oceania. It also continues to improve the concessionality of its terms; to diversify the geographic scope of its programs; and to concentrate much of its assistance in countries of strategic consequence to us.

Our European allies are also substantial partners in foreign assistance burdensharing. European military aid to key African countries often helps to offset the destabilizing efforts of the Soviets and their allies.

Moreover, with strong support from the United States, the World Bank and the regional development banks have persuaded donors to pool and coordinate resources for concessional aid for economic development to the poorest nations. For example, the International Development Association (IDA)—the soft loan window of the World Bank which loans to the poorest countries—has contributed over \$20 billion to the developing world, with nearly \$10 billion more committed to projects and awaiting disbursement.

As IDA has expanded, our share has dropped from an initial 42% of a \$1 billion program in 1961–64 to 25% of a \$9 billion program for 1984–86. Thus, each \$1 of U.S. contributions generates \$4 of assistance to the poorest countries in the world. In the International Bank for Reconstruction and Development (IBRD), or World Bank, a U.S. contribution of \$1 can produce more than \$65 of assistance to recipient countries. So, the

burden has been substantially picked up around the world, not only by the Europeans and Japanese in their bilateral programs but also because we have restructured our contributions to the international banks in such a way as to diminish our share while evoking larger contributions from others.

The same is also true in the United Nations. The United Nations is more than political debates in the General Assembly; the UN system is a major provider of important economic and food assistance around the globe. Through it, aid donors provide some \$2.5 billion for economic and social development, only one-fourth of which is donated by the United States. The United States and other countries also contribute to UN refugee and humanitarian programs and to peacekeeping operations.

Burdensharing for humanitarian aid requires flexible and prompt means to respond to human crises. Here, we Americans excel. Our food programs, disaster relief mechanisms, and flexibility to mobilize resources give us a capability to respond to human tragedy which is simply unmatched. Witness our response to African hunger. We may carry more than our fair share of the humanitarian relief burden. But generosity in the face of need is an American tradition. The efforts of the Federal Government are supplemented—often exceeded—by private Americans. In 1983, American citizens privately contributed \$1.3 billion to developing countries. That was roughly half of total Western private giving. American private giving was made more effective, however, because others gave as well.

Security Assistance. Another damaging myth about our foreign assistance program is that it is skewed heavily in favor of military programs at the expense of development assistance.

There is a direct connection between the success of our defense programs and our foreign assistance effort. To protect American security interests in a timely and cost-effective fashion, we do depend on the cooperation of many countries all around the world. A number of these countries are poor and can meet neither their defense requirements nor their development needs solely from their own resources. Our foreign assistance programs help them, with modest help on the side, to address their security problems through their own efforts. If the President didn't have this tool, then the network of cooperation that underpins our global security effort would be

seriously undermined. Indeed, in his most recent State of the Union Address, President Reagan noted that, dollar for dollar, security assistance contributes as much to global security as our defense budget itself.

A few examples will demonstrate my point. When war broke out in the Middle East in 1973, we needed Portugal's cooperation to send emergency assistance. Our C-5A cargo planes had to refuel on the way to Israel, and the only place they could do so was in the Azores. Nor could we protect our interests in the Persian Gulf today without the cooperation of a large number of governments in the area. Our capacity to project our military power in the Pacific and Indian Oceans, likewise, depends heavily on access to key facilities in the Philippines. And we remain attuned to the special needs of countries whose strategic cooperation with us exposes them to great risk—as is the case of Pakistan, which is on the front line of resistance to Soviet aggression in Afghanistan.

I would also underscore a distinction between selling American military equipment to another country at retail prices and transferring real resources from the U.S. Treasury to another country. We don't consider commercial sales as security assistance—though they may certainly advance our strategic interests.

Military assistance refers to our provision to another nation of the necessary funds—frequently in the form of foreign military sales credits—to acquire military capabilities, lending those funds at concessional rates or providing them as a grant. We also provide economic support funds, through which we support the economic stabilization of certain countries of strategic concern to us, though the benefits conferred on other countries are not so much to bolster their military efforts as to strengthen the economies which underpin their security. Tailored properly, ESF is used by recipient nations to help diversify and reform their economies. ESF can also be an essential tool in encouraging the operation of market forces and in dismantling state controls.

At present, the ratio between economic and military assistance is roughly two-thirds to one-third—and, therefore, contrary to the popular impression that most of our foreign aid is military aid. In fact, just the reverse is true. In the case of Central America, to take a

specific example, the Kissinger commission stressed the importance of economic as well as military aid programs. In Central America during the last 4 fiscal years, 78% of our total aid has been economic assistance; military assistance accounted for only 22%.

Development Assistance and Economic Growth. Thus far, I have spoken primarily about immediate political and security issues. But one of the greatest threats our children will face is international instability caused by the tragedy of endemic poverty and lack of economic opportunity which exists in much of the Third World. Generous impulses have always been basic in this country. So, no one, I suspect, would begrudge U.S. humanitarian foreign assistance to respond to situations such as the drought in Africa. Nor will you be surprised to learn that American official development assistance is about three times the amount of comparable Soviet programs.

At the same time, I would add that, although the United States recognizes a need to respond to the relief requirements of countries in East Africa, for example, it is not satisfactory for us to be simply responding to relief requirements without addressing underlying problems. Therefore, we have established, in the last year or so, an economic policy initiative for Africa, in which we have put money for the explicit purpose of supporting those governments which are demonstrating a willingness and ability to come to terms with their agricultural productivity problems.

This is also to underscore our experience that foreign assistance is not the principal means of financing development; trade is. On the one side of the coin, developing countries earn more foreign exchange through trade with the United States than through the assistance they receive from all donor countries combined. In 1984, for example, the United States purchased approximately 60% of all the manufactured exports of developing countries, which was worth about \$60 billion. This represented almost three times the total amount of foreign aid received by all developing countries that year.

On the other side of the coin, the economic growth of developing countries contributes to our own prosperity. American corporations that profit from exports or foreign investments depend on the stable conditions and economic

growth in the Third World that foreign assistance promotes. As developing countries prosper and modernize, our trade with them increases, creating new job opportunities for our labor force. Developing countries already purchase over 40% of all U.S. exports. Thus, for example, when the major Latin American economies faced deterioration in the early 1980s, U.S. exports to that region were cut back \$16.3 billion between 1981 and 1983.

We also recognize that foreign assistance compared to equity investment is relatively small. Therefore, the Reagan Administration has directed its efforts at the negotiation of investment treaties and other means of reminding developing countries that if they are to finance their development successfully, they must find means of providing the conditions necessary for inviting equity investment rather than relying upon the official contributions or official transfers from us and other governments.

Foreign Assistance and Current U.S. Priorities

So far, I have tried to address how foreign assistance advances our national interests and tried to tell the "rest of the story" regarding several popular misconceptions about America's foreign assistance efforts. Now let me outline the five priority areas where most of our official bilateral assistance resources are directed.

- First is the achievement of a lasting peace in the Middle East. Israel and Egypt are our principal partners in this quest and, by far, the largest recipients of our foreign assistance. Together, they receive well over 40% of our foreign aid. Our economic and military assistance programs also support Jordan and other moderate Arab nations in their roles in the peace process.

We provide extraordinary assistance to Israel in support of a comprehensive Israeli economic program designed to correct fundamental imbalances in the Israeli economy. Without such a disciplined reform program, additional U.S. assistance could tend to perpetuate rather than to ameliorate Israel's economic problems. The Israeli Government has made considerable progress in developing an adjustment program, which it is now implementing.

- A second priority is to secure and maintain access to military bases that are important to free world security. About one-fifth of our assistance goes

for this purpose, and the countries that are the primary recipients include Spain, Portugal, Greece, Turkey, and the Philippines. Base rights and access both help to ensure international security.

- Third, we support our friends who face Soviet or other communist military threats. Korea, Thailand, and Pakistan receive about one-twelfth of our assistance.

Regional stability and our own security depend on the prevention of North Korean aggression against South Korea. Our assistance helps South Korea improve the capabilities of its combat forces, many of which are stationed with our own forces along the DMZ [demilitarized zone] opposite a formidable North Korean opponent which has forward-positioned troops within 50 miles of Seoul.

Thailand faces serious security challenges as a result of Soviet-supported Vietnamese aggression in neighboring Cambodia. Our security assistance to Thailand supports the government's efforts to improve social and economic conditions in the Thai-Cambodian border areas where thousands of refugees have taken refuge. Our military assistance supports the modernization of Thailand's defense forces to deter further Vietnamese aggression.

Our 6-year assistance program in Pakistan helps the government there to face the pressure of the Soviet military presence in Afghanistan and the intimidation that occurs almost daily through the incursion of Soviet or Afghan planes across Pakistan's border. Our assistance program supports Pakistan's economy and development and strengthens its defense through the provision of military equipment and training.

- Our fourth priority is economic development and the relief of human misery. In Africa, for example, our economic assistance has nearly doubled since 1981. Our assistance programs attack the basic economic causes of poverty and are directed at dismantling statist policies so that market forces can unleash individual enterprise and improve productivity.

- Finally, we seek to help our friends in Central America build democracy while weathering the economic and political crises aggravated by subversive pressures from Nicaragua. To that end, our foreign assistance to Central America comes predominantly as economic development.

In Central America, our friends are significantly stronger than they were a year or more ago. The economies of El Salvador, Honduras, Costa Rica, and Guatemala are improving. Democratic institutions in the region are being given a needed chance. For example, in May of last year, Panamanians went to the polls and elected a president for the first time in 16 years. The process of dialogue and reconciliation Salvadoran President Duarte has championed in El Salvador stands in marked contrast to the Sandinista government's intransigent refusal to talk with the opposition in Nicaragua.

Conclusion

I hope this brief description about our foreign assistance efforts may have given a better sense of the priorities which guide these programs and, perhaps, dispelled some misimpressions about their extent and character. I hope you will consider the objectives we are seeking to be worthy ones. I also hope

there is a heightened awareness of the importance we attach to having this tool of foreign policy to advance our interests overseas. We believe America's foreign assistance programs enhance regional security, promote economic development, encourage the growth of democratic institutions, stimulate commercial relations with the Third World, and alleviate human suffering. They help our friends and allies help us while helping themselves.

In short, we believe the benefits of our foreign assistance programs are disproportionate to their cost. We think we get a good return on each dollar. Perhaps most importantly, our foreign assistance programs give us the opportunity to be creative and helpful in shaping the kind of world we hopefully all want to see: a world in which prosperity is growing, a world in which freedom and human opportunities are expanding, and a world in which we are making our contributions to safeguarding peace. ■

The Political Offense Exception and Terrorism

by Abraham D. Sofaer

*Statement before the Senate Foreign Relations Committee on August 1, 1985. Mr. Sofaer is the Legal Adviser of the Department of State.*¹

I am honored to appear before you to testify on the Supplementary Treaty Concerning the Extradition Treaty Between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland. This treaty was signed on June 25 and transmitted to the Senate on July 17.

This is my first appearance before this committee as Legal Adviser to the Department of State. Since my confirmation, I have had the pleasure of consulting with individual Senators on a number of issues before the Department. I look forward to ongoing development of this constructive working relationship.

The Supplementary Treaty and Terrorism

The supplementary treaty addresses a problem with which this committee is all too familiar: the difficulty of combating international terrorism. Nearly every day, a new terrorist assault occurs somewhere in the world. The object of such atrocities is to use terror and fear to attract media attention and to coerce governments into capitulating to terrorist demands.

The public, both in the United States and in other civilized nations, is distressed and angry over the inability of governments to bring these criminals to justice. Indeed, many of our own legislators have expressed their impatience with the difficulties of capturing and punishing terrorists in foreign countries. This widespread frustration has given rise to calls for extreme measures to prevent terrorist acts of violence and to punish their perpetrators.

I share this sense of frustration. While we must resist demands that we—like the terrorists—act in disregard of the law, the Department of State, in

cooperation with the Department of Justice and other Federal agencies, is committed to developing new tools to fight international terrorism effectively and in a manner consistent with our legal traditions and social values. Toward this end, the Departments of State and Justice, acting jointly, took the initiative to negotiate this supplementary extradition treaty.

The most important aspect of the supplementary treaty is that it explicitly identifies particular crimes—such as airplane hijacking and murder of diplomats—that may no longer be regarded as political offenses excepted from the extradition process that exists between the United States and its historic ally, the United Kingdom. The supplementary treaty recognizes that terrorists who commit the specified, wanton acts of violence and destruction should not be immune from extradition merely because they believe they were acting to advance a political objective.

I will begin by reviewing the provisions of the supplementary treaty and their relationship to the existing U.S.-U.K. extradition treaty. I shall then discuss the origin and evolution of the political offense exception and the urgent need to implement a version of that doctrine in relations with the United Kingdom that advances rather than retards the human values and other interests historically served by international law.

Provisions of the Supplementary Extradition Treaty

The supplementary extradition treaty amends the extradition treaty between the United States and the United Kingdom, signed at London on June 8, 1972. The supplementary treaty contains four substantive articles. Article 1 addresses the political offense exception; article 2, the statute of limitations; article 3, the time limit within which documents must be submitted in support of an extradition request following a provisional arrest; and article 4, retroactive application of the treaty.

Article 1 of the supplementary treaty amends the political offense exception to extradition, contained in article V, paragraph (1)(c) of the current extradition treaty, by identifying particular crimes that shall not be regarded as offenses of a political character. The crimes listed are those typically committed by terrorists: aircraft hijacking and sabotage; crimes against interna-

tionally protected persons, including diplomats; hostage taking; murder; manslaughter; malicious assault; kidnapping; and specified offenses involving firearms, explosives, and serious property damage. These are not political acts, such as organizing, assembly, speech, or even espionage. They are heinous crimes, regardless of the motives of the perpetrators.

Recent events underscore the wisdom of this provision. Within the last 2 months, U.S. citizens have been the victims of almost every one of the types of terrorist acts excepted by the proposed treaty. How would we regard the argument that the murders of Robert Stethem on TWA 847 or of the marine guards in El Salvador were "political offenses"? It is a shocking and disgraceful fact that criminals who commit these types of barbarous crimes against the citizens of other nations and manage thereafter to get to the United States are often able, under current U.S. law, successfully to invoke the political offense exception and, thereby, escape extradition. Worst of all, in many cases in which the exception can be successfully invoked under present law, the United States is unable to prosecute the terrorists involved because we lack jurisdiction for most offenses committed abroad. In such cases, the United States is limited to deporting such persons to some third country where they can continue to elude justice. The treaty amendment before you today would prevent such travesties of justice with respect to extradition requests between the United States and the United Kingdom.

Article 2 of the supplementary treaty amends article V, paragraph (1)(b) of the current treaty to provide that extradition shall be denied if prosecution would be barred by the statute of limitations of the requesting state. The current treaty permits the statute of limitations of either the requesting or requested state to bar extradition. The current formulation is included in several older extradition treaties. We have concluded, however, that the interests of justice are better served by applying the law of the requesting state—the place where the fugitive committed his crime—in determining whether his trial is time barred. A criminal should not be able to avoid prosecution by fleeing to a country that has a shorter statute of limitations than the country in which the crime occurred.

Article 3 of the supplementary treaty amends article VIII, paragraph (2) of the current treaty to provide that the requesting state shall have up to 60 days following the provisional arrest of a fugitive to submit evidence in support of its extradition request; if such evidence is not submitted within that time, the fugitive shall be freed. The current treaty allows only 45 days for submission of such evidence. Provisional arrest, a common feature of extradition treaties, allows the immediate apprehension of a fugitive from a foreign jurisdiction who might otherwise continue to elude capture, while at the same time requiring the foreign jurisdiction to substantiate its case within a reasonable time. We have concluded that 60 days is a more appropriate period, in light of the increasing complexity and volume of the documentary evidence necessary to substantiate requests for extradition. The full period, of course, will be used only if supporting documents cannot be prepared and transmitted in less time.

Article 4 provides that the supplementary treaty will apply to any offense committed before or after its entry into force; if the offense in question was committed before the supplementary treaty enters into force, it must have been an offense under the laws of both the United States and the United Kingdom at the time of commission. This is a standard provision in recent supplementary extradition treaties that the United States has concluded. Its purpose is to facilitate application of the changes effected by the supplementary treaty to prospective extradition requests for offenses committed in the past. The retroactive application of these procedural provisions is fully in accord with U.S. extradition treaty practice.

Articles 5 and 6 are technical provisions that provide for the territorial application of the supplementary treaty, for its ratification, and for its entry into force.

Origin and Evolution of the Political Offense Exception

The overbroad application of any concept, however enlightened, can lead to foolish and antisocial results. You will understand how the political offense exception has come to produce such results by examining its evolution and true purposes.

INTERNATIONAL LAW

First, the political offense exception is, above all, an *exception*. The basic tradition of international law applicable with respect to fugitives from justice is one of cooperation between nations to enhance their capacity to maintain the lawful order and security on which all liberty ultimately depends. The oldest known document in diplomatic history—a peace treaty between Ramses II of Egypt and the Hittite prince Hittusili III, concluded in 1280 B.C.—provided for the exchange of criminals of one nation found in the territory of the other. This principle of cooperation in extraditing fugitives has survived to modern times.

The great 18th-century revolutions were based, in part, upon the notion that individuals have the right to engage in revolutionary political activity in pursuit of liberty. Those were times when today's democracies were ruled by kings and emperors, when universal suffrage did not exist, and when the mere open, verbal criticism of a ruler was frequently regarded as sedition or treason. In the wake of those revolutions, the emerging democracies of Western Europe did not want to surrender to foreign sovereigns revolutionaries who had committed offenses in those nations in the course of exercising their political rights. The Jacobean Constitution of 1793, reflecting this revolutionary spirit, declared that the French people "grant asylum to foreigners banished from their countries for the cause of freedom." The same sentiment gave rise to the seminal provision in the Belgian extradition law of 1833, which provided that a fugitive "shall not be prosecuted or punished for any political offense . . . , nor for any act connected to such crime."

From its inception, the political offense exception has been applied without significant controversy to "pure" political offenses. Pure political offenses are those directly related to the security and structure of the state: sedition, treason, and the like. Governments and courts have had little trouble excepting these offenses from extradition. By contrast, application of the exception to "relative" political offenses has always been problematical. Relative political offenses are common, often violent crimes—such as murder and arson—whose perpetrators, nevertheless, claim immunity from extradition because their common criminal acts were allegedly committed in a political context or for a political purpose.

Claims of immunity from extradition based on "relative" political offenses have posed difficulties for civilized nations from the start. For example, in 1855, a Belgian court invoked the political offense exception to deny a French request for extradition of a fugitive who had placed a bomb under the railway over which Emperor Napoleon III was traveling. This decision led the Belgian legislature—the land in which the exception originated—to amend the 1833 extradition law to refuse to recognize as political offenses certain common crimes used by terrorists for political ends. The statute provided:

There shall not be considered as a political crime or as an act connected with such a crime an attack upon the person of the head of a foreign government or of members of his family, when this attack takes the form of either murder, assassination or poisoning.

The provision, known as an "attentat clause," gained widespread acceptance as a limitation on the political offense exception.

Courts have continued to grapple with the political offense exception through the years. For example, in 1891, Britain's Queen's Bench divisional court considered a Swiss extradition request for one *Castioni*, a fugitive who had shot and killed a State Council member in the course of an armed attack upon a municipal building. In a landmark decision, the justices held that a criminal act was not protected under the political offense exception if committed merely "in the course of" a political conflict or uprising; it must also be done "in furtherance of" a political cause. The court found that *Castioni* had acted as a participant in an insurrection, that the shooting had occurred during this conflict, and that the shooting had, in fact, not been an act of personal malice against the victim. The justices therefore ruled that the offense was political and denied extradition. American courts that have recently refused extradition have relied heavily on the ruling in *Castioni*.

Three years after *Castioni*, however, the British courts refined the doctrine. The French Government requested extradition of one *Meunier*, who had carried out bomb attacks on a crowded cafe and an army barracks. *Meunier* fought extradition by invoking the political offense exception. Justice Cave held that, for an offense to be judged

political, "there must be two or more parties in the State, each seeking to impose the Government of their choice on the other." *Meunier*, the court found, was an anarchist who was the enemy of all organized society. Accordingly, he was not subject to the exception and was ordered extradited.

While *Castioni*, narrowly construed, may have made sense when it was decided, it makes no sense today to deny extradition to a nation such as Switzerland—with a democratic system of politics and a fair system of justice—of a man who willfully attempts to impose his will on the people through murder. If civilized society is to defend itself against terrorist violence, some offenses must fall outside the scope of the exception, even though they are politically motivated. The *Meunier* decision represents an early recognition that legal principles such as the political offense exception are based on the determination of sovereign nations to refuse, for humane or ideological reasons, to cooperate with other nations in the enforcement of criminal statutes. These principles do not create "rights" in the individuals that assert them. Each nation must decide how far to extend the doctrine based on its own values, and many have refused to shield from justice individuals who would destroy the freedoms and lives of others to gain political advantage.

Abuse of the Political Offense Exception

A few examples should illustrate how harmful and unacceptable decisions of other nations can be when they refuse to extradite Americans because of the political offense exception. In 1972, two American citizens, Holder and Kerkow, hijacked a domestic U.S. flight, extorted \$500,000 from the airline that owned the plane, and forced the pilot to fly to Algeria. They were indicted in the United States for aircraft piracy, kidnapping, and extortion. The U.S. Government requested that France extradite Holder and Kerkow to this country to stand trial. Although the crimes were extraditable offenses under the U.S.-France Extradition Treaty, a French court denied extradition in 1975. The court noted that, at one point in the skyjacking, Holden had demanded that the plane be flown to Hanoi. He later dropped that demand. Nevertheless, the court held that Holder's invocation of Hanoi demonstrated that he had acted

out of political motive, bringing the crimes within the scope of the political offense exception.

Another egregious example of overbroad application of the exception resulted from the hijacking in 1973 by five U.S. citizens of a domestic flight. They demanded and received \$1 million in ransom for release of the passengers and then forced the plane to fly to Algeria. Two of the fugitives had escaped from prison, where they had been serving sentences for murder and armed robbery. The U.S. Government sought extradition of the five from Paris in 1976 to stand trial for air piracy. But a French court refused to extradite the fugitives. It accepted their claims that they had hijacked the plane to escape racial segregation in the United States and that the charges against them constituted political persecution. The court therefore held that the skyjacking and extortion were political offenses.

In my view, some recent decisions in this country have applied the political offense exception as expansively and unreasonably as it has been applied against us by some nations. These recent decisions all concern Provisional Irish Republican Army (PIRA) fugitives, but our objections to them are based on principle and have nothing to do with the PIRA or other particular movements.

One such case involved Desmond Mackin, a PIRA member sought for the attempted murder of a British soldier. In that case, a U.S. magistrate found that, at the time of the offense, the PIRA was conducting an armed uprising in the portion of Belfast where the crime was committed; that Mackin was an active member of the PIRA; and that the attack on the British soldier was incidental to Mackin's role in the PIRA's political uprising. The magistrate therefore denied extradition. The decision was later upheld on appeal to the district court, and, in a judgment of great significance, the Second Circuit Court of Appeals refused to disturb the lower court decision, holding that the refusal of a court to grant extradition requests in certain contexts is not an appealable order.

A second case involved Joseph Patrick Doherty, who blasted his way out of a prison in Belfast while awaiting a court's decision on charges including the murder of a British Army officer. Doherty was convicted of murder and other offenses 2 days after his escape and fled to the United States. The

United Kingdom sought his extradition with respect to his conviction on charges of murder, attempted murder, and possession of firearms with intent to endanger life and on new charges relating to his escape. The latter charges included firearms offenses and inflicting grievous bodily harm on a prison officer. Based upon his review of Irish history and politics, a U.S. district judge concluded that a political conflict existed in Northern Ireland and that Doherty's offenses had been committed "in the course of and in furtherance of that struggle." The judge recognized that:

... it would be most unwise as a matter of policy to extend the benefit of the political offense exception to every fanatic group or individual with loosely defined political objectives who commit acts of violence in the name of those so-called political objectives.

He, nevertheless, drew an exception for the PIRA, after an analysis of its nature, structure, and the mode of its internal discipline, concluding that it has:

... both an organization, discipline, and command structure that distinguishes it from more amorphous groups such as the Black Liberation Army or the Red Brigade.

The judge thereupon declared that Doherty's offenses were political and denied extradition.

What the PIRA and other less structured terrorist groups have in common is far more significant in applying the political offense exception than the ways in which they may differ. All these groups exhibit a willingness to engage in the indiscriminate killing of people to achieve political ends.

Mackin and *Doherty* are not the only cases granting political offense treatment to PIRA members. Since 1979, U.S. judges or magistrates have denied four British requests for extradition of PIRA fugitives accused or convicted of violent terrorist crimes. Each denial was based on the political offense exception to extradition.

The problem is not the magistrates or judges involved in these cases. Their opinions reflect sincere attempts to apply our extradition laws; and the view that these lower court decisions are not always appealable has obstructed the development of law through decisions of our highest courts. The basic problem is the law itself, insofar as it is being applied so that the United States has become a sanctuary for terrorist murderers.

This is an intolerable situation. We must not allow our country to become a haven for terrorists who belong to groups that use indiscriminate violence against the citizens of other countries—just as we expect that foreign governments should not harbor terrorists who commit violent acts against U.S. citizens.

Amending the Extradition Statute

Unsuccessful attempts have been made to amend our extradition statute. Those efforts differ significantly from the present one in that they were based on changes in the political offense exception that would or could have been applied to any nation with which we have extradition relations, including some which have experienced political change or instability since establishment of those relations and which may not permit opponents of the government in power any lawful means of political dissent.

The present approach is more narrow and carefully drawn. It seeks to remedy the overbroad application of the political offense exception through a particular agreement with the United Kingdom. The rationale for this new supplementary treaty is simple: with respect to violent crimes, the political offense exception has no place in extradition treaties between stable democracies in which the political system is available to redress legitimate grievances and the judicial process provides fair treatment. While this particular agreement relates to the United Kingdom, we fully intend to negotiate—and are in the process of negotiating—similar agreements with other nations that meet these criteria.

The conditions for justifying extradition of political rebels who engage in common crimes of violence undeniably exist in both the United States and the United Kingdom. Members of the Republican movement who desire reunification have not been prevented from participating in the democratic political system in the United Kingdom. Indeed, the PIRA's close supporter, Sinn Féin, has participated in a number of elections in Northern Ireland and has secured a small proportion of the vote—just under 12% in the local elections held in May. A Sinn Féin member has been elected to one of Northern Ireland's 17 seats in Parliament but has refused to take his seat. The violence is,

therefore, not the result of a lack of opportunity to engage in the democratic process. It seems that extremists in the movement either reject the democratic system completely or are not confident of success at the polls. In any event, they conduct a campaign of violence. They have political rights, but they choose to act unlawfully.

Similarly, no one can seriously challenge the basic fairness of the British system of justice, even under the extraordinary situation that Britain has faced in Northern Ireland. To deal with that situation, the United Kingdom has developed special nonjury courts—commonly known as Diplock Courts—to try certain well-defined terrorists acts. Diplock Courts operate without a jury in order to eliminate the risk of jury intimidation and murders, especially likely in the trial of PIRA terrorists.

The absence of a jury does not mean the central principles of procedural fairness are not maintained: trials are held in open court; witnesses may be called and cross-examined; the burden remains on the prosecution to prove guilt beyond a reasonable doubt; the accused has a right to legal advice and representation; and the right of appeal is completely unfettered. The judge in the *Doherty* case recognized these facts. He found:

The Court . . . specifically rejects respondent's claim that the Diplock Courts and the procedures there employed are unfair, and that respondent did not get a fair trial and could not get a fair trial in the courts of Northern Ireland. The Court concludes that both Unionists and Republicans who commit offenses of a political character can and do receive fair and impartial justice and that the courts of Northern Ireland will continue to scrupulously and courageously discharge their responsibilities in that regard.

The Republic of Ireland also has nonjury courts for terrorist-type offenses. Indeed, the Irish courts have recently decided to show their repugnance for IRA [Irish Republican Army] crimes by extraditing the PIRA terrorists arrested there to the United Kingdom.

Secretary Shultz said last October that "the rule of law is congenial to action against terrorists." We and the United Kingdom view this supplementary treaty as an important step in applying the rule of law to terrorism. The principle reflected in article 1 of the supplementary treaty will establish a

definite, workable rule for applying the political offense exception to extradition among stable democracies. It will also be consistent with the rules adopted in 1977 by the Council of Europe which authored the European Convention for the Suppression of Terrorism. That convention established limits on the political offense exception virtually identical to those contained in this supplementary treaty. The United Kingdom is a party to the convention without reservation, but it is open solely to members of the Council of Europe, and we are only an observer there. Nevertheless, in our search for a solution to

the problems created by current applications of the political offense exception in U.S. courts, we looked to that convention and concluded that its limitations were appropriate.

I respectfully request that the committee report on this treaty as a priority matter and that you recommend that the Senate give its advice and consent to ratification.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

The Peace Process and Arms Sales to Jordan

Following are statements by President Reagan on September 27, 1985, and Secretary Shultz before the Senate Foreign Relations Committee on October 10.

PRESIDENT'S STATEMENT, SEPT. 27, 1985¹

I have today notified the Congress of my intention to provide the Kingdom of Jordan with the tools it needs to help defend its people as King Hussein courageously pursues peace with Israel.

The provision of these defensive arms to Jordan is essential for two reasons: first, it conveys in the near term a powerful message of U.S. political support for King Hussein's efforts to bring about a comprehensive, lasting peace settlement between Israel and the Arab world; and second, in the longer term, it will meet Jordan's most pressing military deficiency—namely its ability to provide adequate air defense against an external attack and military intimidation by the adversaries of peace. It will not directly counter the cruel acts of the terrorists, whose bombs and assassination attempts are even now trying to turn Hussein from his quest for peace. Nevertheless, as firm evidence of America's support, this package will strengthen Jordan as a

force for stability and moderation in the Middle East. By giving Jordan's small armed forces the ability to deter the threat of conventional attack, we provide King Hussein the flexibility and confidence he needs to continue toward negotiations with Israel.

For the past 15 years, Jordan has successfully denied the use of its own territory to terrorists from abroad seeking to attack Israeli targets across the Jordan River. More recently, King Hussein has renewed diplomatic relations with Egypt, the first Arab state to do so; he has enlisted the Palestinians in his peace initiative in order to dissuade them from their earlier policies of confrontation and hostility toward Israel; and he has publicly recognized Israel's right to exist and stated his desire to commence peace talks this year.

I remain totally committed to helping Israel to ensure its security, survival, and well-being and to maintaining its decisive advantage over any combination of potential adversaries. The arms transfer which I am proposing for Jordan does not jeopardize this policy. Indeed, a strong stable Jordan able to defend itself against radical pressures is in Israel's interests, as well as our own.

I am convinced that this support by the United States is an absolute necessity if we are ultimately to achieve the peace which we all so fervently desire.

SECRETARY'S STATEMENT, OCT. 10, 1985²

I welcome the opening statements that have been made and, in particular, the references to King Hussein's statements over the years and recently that are certainly moves in the direction of peace in the Middle East, which we all recognize is so essential. And I certainly welcome this opportunity to share with you some observations on developments in the Middle East, with particular reference to the peace process and the recent informal notification to Congress of an arms sale to Jordan.

Peace Process

Peace and stability in the Middle East remain a key national interest. By quirk of history and geography, events and trends which destabilize that region and bring it closer to armed conflict have profound implications for our own security and well-being.

Given the complexity of the historical, social, ethnic, and religious factors at play and the magnitude of the stakes as perceived by various actors, the threats to peace and stability in the region are manifold. Much as we would wish it, there's no one single underlying issue. There is no one central problem to resolve. The world—and certainly the Middle East—is simply not that neat a place.

However, some problems are especially dangerous. They pose a threat to peace in a way that is immediate, broad, and enduring. This Administration, like so many of its predecessors, has judged the troubled relationship between Israel and its Arab neighbors to be one such problem.

But that, of course, is not the only reason why the issue of Middle East peace has demanded our attention. We have also, over the years, come to view our relationship with Israel as symbolic of our commitment to shared democratic values. I need hardly belabor the point before this committee, but simply reaffirm and underscore the singular depth and enduring strength of our relationship with Israel.

Finally, we have been moved to action by the suffering on all sides, but particularly the pain and loss endured by innocent victims, Israelis and Palestinians alike and, also, so many Americans.

For all of these reasons, we have resolved to contribute, in whatever way we can, to achieving a just and lasting peace.

This Administration has been engaged in a dialogue with the parties about the kind of steps that need to be taken to move the process forward. In the past several months, and particularly during King Hussein's recent visit, we have been able to come closer than ever before to agreement on the kinds of steps that will be required.

It has been this Administration's consistent view that the parties must agree to resolve their differences through direct negotiations. The Israeli Government also favors this approach. Syria rejects it. Jordan, however, under the determined and courageous leadership of King Hussein, has risen to the occasion. He has welcomed the prospect of entering negotiations with Israel "promptly and directly," as he said at the White House on September 30, in an, as he said, "environment free of belligerent and hostile acts." I know he spoke to members of the Senate only a few days ago about his dedication to peace—a peace that he knows Israel must share. Arab governments, in the past, have been reluctant to enter negotiations with Israel without a guarantee of the final outcome. Now, King Hussein has taken a big psychological step forward: he is ready to engage in a negotiating *process*, knowing that the outcome will depend on a tough process of bargaining among the parties. That's a big development—that the emphasis is on the process and on getting it started.

I have been extremely heartened to hear King Hussein speak in these terms. I am sure you have been as well. Problems remain, however. They relate, for the most part, to the question of Palestinian representation. Jordan must be able to share the burden and challenge of peacemaking with credible representatives of those most directly concerned—the Palestinian people. The Administration's policy regarding recognition of and negotiation with the PLO [Palestine Liberation Organization] has been clear and consistent: the PLO must first accept Resolutions 242 and 338 and recognize Israel's right to exist. We have long said, however, that the Palestinian people must be fully involved in this process: they should participate at every stage of the negotiating process. And, in fact, that is universally recognized and is explicitly stated in the

Camp David accords. After all, it is their legitimate rights as a people as well as the security of all states in the region that these negotiations must address.

King Hussein has spoken of the need for an international conference to provide the broad support he seeks before he enters into negotiations with Israel. We have not supported this idea, nor have we seen any utility in engaging in a separate dialogue with Jordanians and Palestinians if such steps do not lead to direct negotiations with Israel. In other words, there are these various processes and suggestions of one kind or another that have been made, and, in our view, the name of the game is to get direct negotiations going. Things that lead to that, we regard as positive; things that don't are something else again.

Problems obviously remain, but they are not insurmountable. Neither Israel nor Jordan wishes to squander the historic opportunity of the moment. Neither Israel nor Jordan believes there is anything to be gained by sliding back into hopeless confrontation. With dedication, creativity, and simple hard work, we will continue to address these issues over the next few months, and I am convinced that our objective of beginning direct negotiations in the near future is within reach.

Tactical and procedural questions are negotiable. They are the stuff of what we call the peace process. Violence and terror are not. The mounting violence which has afflicted the region in recent weeks underlines the precariousness of the process. Organizations that seek legitimacy as partners in the peace process continue to commit and take credit for violent acts that threaten its very existence.

There are also forces—and I am referring to states, organizations, and so-called movements—which are unalterably opposed to the achievement of peace. They are dedicated to destroying its prospects just as they destroy lives—through intimidation and terror. They will not deter us, however, from the pursuit of peace.

We, for our part, have a clear moral commitment to help those whom we have encouraged along the path of peace to defend themselves from the enemies of peace. I am referring here, in the first instance, to the State of Israel and the Hashemite Kingdom of Jordan.

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Jordan Arms

Successive Administrations, with the full support of Congress, have, over the years, assured that Israel would have the military capability to defend itself against any realistic combination of hostile forces. The defense posture of Jordan has been and remains far more precarious.

The President has recently informed you of his intention to take steps to try to remedy that situation. And, in that regard, I would like to make three main points.

First, Jordan has legitimate defense needs—needs that have been exacerbated by King Hussein's courageous moves toward the negotiating table.

Second, it has been to the United States that Jordan has turned, for many years, to help it with its defense. To refuse to meet Jordan's needs at this juncture would not only be a real break in continuity but would also be a signal that the United States does not fully support the King's peace efforts. The United States remains committed to assuring Israel's qualitative military edge. The package of arms for Jordan that we have proposed does not threaten Israel's security.

Jordan has legitimate defense needs. The principal conventional threat to it comes from the vastly more powerful Syria—supplied, as we all know, by the Soviet Union—which opposes King Hussein's efforts to move to negotiations with Israel. In 1970, Syria invaded Jordan; in 1980, Syria massed its troops along the border with Jordan. Syria holds major quantitative advantages over Jordan in personnel (5 to 1), tanks (4 to 1), armored personnel carriers (2.5 to 1), artillery (4 to 1), and combat aircraft (5 to 1).

Further, since King Hussein announced his peace initiative last November, Jordan has been subjected to an escalating campaign of terror. A Jordanian diplomat in Turkey was assassinated and the Jordanian Embassy in Rome attacked by rocket; three Jordanian airliners have been either bombed or hijacked, and Jordanian airline offices were attacked in Athens and Madrid. Without any doubt, the enemies of peace are trying to stop King Hussein from reaching a settlement with Israel—and there is every reason to believe they will intensify their efforts. The U.S. arms sale to Jordan represents a powerful political signal of American support for Jordan that it will strengthen the King's ability to stand up to these attacks.

Jordan's most serious military deficiency is its inability to provide adequate air defense against an external attack and, thereby, to resist military intimidation by the adversaries of peace. Although Royal Jordanian Air Force interceptor pilots would resist aggression courageously, they could rather easily be overwhelmed by superior numbers of more advanced Soviet fighters, and Jordan's surface-to-air missile system would be unable to defend the country against a determined air campaign. The package of arms we propose to sell to Jordan, therefore, focuses on air defense: it contains advanced fighter aircraft and improved air-to-air and surface-to-air missiles to upgrade Jordan's increasingly obsolete equipment.

The United States' close defense relationship with Jordan has developed over 35 years and eight U.S. Administrations. We have become Jordan's main arms supplier. On four previous occasions, however, when the United States either denied or placed too many preconditions on military sales to Jordan, Jordan went elsewhere. As a sovereign state, Jordan is impelled to provide for its security and has made clear it will do what is necessary to meet this need. A major Soviet role in Jordan, of course, would constitute a serious strategic setback for the United States and for Israel.

Finally, the arms that we propose to sell to Jordan pose no threat to Israel. Jordan has proven, over the past 15 years, that it is determined to ensure that terrorists do not attack Israel from Jordanian territory. The border that it shares with Israel—the longest Israel has with any of its neighbors—has been incident free for many years. Israel has been able to place confidence in Jordan to prevent infiltration along their common border. In fact, Prime Minister Peres, in commenting publicly last week on why Jordan was not attacked, said that Jordan worked actively to prevent terrorist acts from being launched from or through Jordan.

This Administration has an unswerving commitment to helping ensure Israel's security, survival, and well-being and to maintaining Israel's decisive advantage over any combination of potential adversaries. According to U.S. intelligence community assessments, Israel's edge over potential Arab adversaries will continue to widen even if there are increases in Arab capabilities. Israel's long-term security, however, can only come through peace with its neighbors,

not military superiority. A strong and stable Jordan, able to defend itself against radical pressures, is in Israel's interest as well as our own.

The President told King Hussein in May that he "could count on us for the economic and security assistance Jordan would need to address the risks that it is taking." The Congress has provided an important package of economic aid for Jordan. Now it is time to address Jordan's proven security needs as the King tries to move ahead in the peace process in the face of threats from those who oppose the process. This Administration firmly believes that such support from the United States for Jordan, as represented by our arms package, is an absolute necessity if we are to ultimately achieve the peace in the Middle East which we all so fervently desire.

¹Text from Weekly Compilation of Presidential Documents of Sept. 30, 1985.

²Press release 242 of Oct. 11. The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402. ■

Visit of Jordan's King Hussein

His Majesty King Hussein I of the Hashemite Kingdom of Jordan at the invitation of President Reagan visited Washington, D.C., September 30-October 1, 1985. Following are remarks made by the President and the King after their meeting on September 30, 1985.¹

President Reagan

I have just had a very productive meeting with King Hussein of Jordan.

Jordan has been moving steadily and courageously forward in a search for a peaceful, negotiated settlement of the conflict in the Middle East. Jordan has not waived from this course despite terrorist attacks against its diplomats and its interests abroad and the threat of worse to come.

I told His Majesty in May that he could count on us for the economic and security assistance Jordan would need to address the risks that it is taking. Indeed, over the summer, the Congress improved an important package of economic aid for Jordan; but on Friday,

I notified the Congress that I would now be proposing a package of defensive arms. And these arms are important in meeting Jordan's proven defense needs and as evidence that those who seek peace will not be left at the mercy of those who oppose it.

But peace, not arms, has been the focus of our discussions with our Jordanian friends. And all of us—Jordan, the United States, and Israel—share the same realistic objective: direct negotiations under appropriate auspices before the end of this year.

There are complex and sensitive issues which must be resolved before actual negotiations can begin, but I believe these issues can be resolved. Let me repeat that the United States is dedicated to achieving a just and durable peace between Israel and all its Arab neighbors. We'll do all that we can to maintain the momentum already achieved, much of it the result of King Hussein's personal courage and vision.

The goal is peace and stability for Jordan, Israel, and all states in the Middle East. The way to that goal is through direct negotiations on the basis of UN Security Council Resolutions 242 and 338. The time to begin is now. I know that His Majesty shares this aim, and I am proud to work with him in this noble endeavor of peace.

Your Majesty, once again, you have my thanks and the thanks of all our people.

King Hussein I

I wish to thank my dear and great friend, President Reagan, for his kind words. I value his friendship and the longstanding relations which happily exist between our two countries and which are based on our joint commitment to the common values and principles of liberty, freedom, equality, and human rights.

I have had a very useful meeting with the President. Our discussions were as frank and honest as our friendship dictates. I have reiterated to him Jordan's commitment to a negotiated settlement of the Arab-Israeli conflict within the context of an international conference to implement Security Council Resolution 242. I repeated to the President what I stated in my address to the United Nations 3 days ago, namely, Jordan's unwavering position and condemnation of terrorism, irrespective of its nature and source. Jordan condemns violence and is committed to a

peaceful resolution of the Arab-Israeli conflict.

We are prepared to join all parties in pursuing a negotiated settlement in an environment free of belligerent and hostile acts. I have also expressed Jordan's satisfaction with the positive development of our bilateral relations, especially in the economic and military fields.

We endeavor to strengthen our ties and hope to continue our close cooperation in all areas. I wish you, Mr. President, continued good health, happiness, and success. And may the Almighty God bless you and grant you strength to lead this bastion of democracy to ever greater heights.

¹Text from Weekly Compilation of Presidential Documents of Oct. 7, 1985. ■

Visit of Israel's Prime Minister

Prime Minister Shimon Peres of the State of Israel, at the invitation of President Reagan, visited Washington, D.C., October 16-18, 1985. Following are remarks made by the President and the Prime Minister after their meeting on October 17.¹

President Reagan

It has been a special pleasure for me to welcome Prime Minister Peres to the White House, both as a personal friend and the leader of the Government of Israel. It's a great honor for me to receive the Weizmann Institute's honorary degree of doctor of philosophy. The Weizmann is synonymous with humanitarianism and the pursuit of excellence.

For Israel, the institute is a symbol of an old intellectual tradition that has survived even the ravages of the Holocaust. The institute made a magnificent contribution to the future State of Israel, helping to assure its leading role in the vanguard of peaceful democratic nations leading the world toward the 21st century. And I'm very pleased to have been honored by this award.

Our talks today have been in the tradition of the close regular dialogue that we have with Israel, a reflection of the warm and enduring relationship between our two nations. In our talks, we

paid special attention to two issues: our commitment to Israel's security and well-being and our shared desire to move forward together toward a just and lasting peace between Israel and all its Arab neighbors.

Prime Minister Peres and I fully agreed to press ahead in this search. We recognize there are obstacles—significant obstacles—to peace, but we also recognize that there is a better opportunity for real progress now than there has been for some time and a better chance than we may have for some time to come; much progress has already been made.

Prime Minister Peres has made clear Israel's desire for direct negotiations without preconditions, and King Hussein stated here at the White House on September 30 that he welcomes the prospect of beginning negotiations with Israel promptly and directly. This kind of determination and good faith gives the United States confidence that the hurdles to peace can be overcome.

Prime Minister Peres and I are also fully agreed that a strong, secure Israel is a shared interest. In the year since the Prime Minister's last visit, Israel and the United States have strengthened and expanded our security cooperation, which furthers a number of common objectives including the maintenance of Israel's qualitative military advantage against any combination of adversaries.

We also discussed the evil scourge of terrorism which has claimed so many Israeli, American, and Arab victims and has brought tragedy to many others. Terrorism is the cynical, remorseless enemy of peace, and it strikes most viciously whenever real progress seems possible. We need no further proof of this than the events of the last few weeks.

The Prime Minister and I share a determination to see that terrorists are denied sanctuary and are justly punished. Furthermore, and just as important, Prime Minister Peres and I agreed that terrorism must not blunt our efforts to achieve peace in the Middle East.

Prime Minister Peres and I also have reviewed many other issues on our common agenda. We took stock with real satisfaction of what Israel and the United States have accomplished together. Among other things, we've concluded a free trade area agreement, the first of its kind for us. In this regard, I salute Prime Minister Peres and his government for their courage in adopting an economic reform program

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that holds promise if effectively implemented for leading Israel to strong and steady noninflationary growth.

We agreed last year that growth is the main objective. And we will continue to explore in our joint economic group and elsewhere ways to promote Israel's strong economic potential.

Mr. Prime Minister, I thank you very much for your visit. It's been an occasion to renew a friendship and to review and enhance the strength of our unique bilateral relationship.

Prime Minister Peres

I'm grateful for the opportunity of expressing to you the admiration and the gratitude of the people of Israel.

In our country, pluralistic as it is, where the national consensus is reserved for very rare occasions, you have achieved it—an admiration of all parts in our country, all people, who came, really, to learn to know you and to admire you.

We admire your leadership because it gave American greatness a new dimension; because it has introduced a new solidarity to the free world; because it has enhanced the desire for knowledge in the realm of science; because it has demonstrated a moving friendship for the new and old Israel.

On a personal note, may I add that one who has had to take decisions affecting the lives of young soldiers, I appreciate both your correct instinct and decisive reaction to the unfolding drama in the east Mediterranean last week as it was manifested in real leadership and real courage.

Twelve months ago, when we met here, I felt that I was standing at a new beginning. You then extended your support for some of Israel's ambitious plans. Since then, we have removed the Lebanese wall from the agenda of Arab-Israel relations. We tightened our belts in order to stabilize our economy, reduce inflation, and deficits. We have begun a process meant to transform the peace treaty into a viable precedent for the whole region—I'm referring to the peace treaty with Egypt. We have changed our policy on the West Bank. We confronted the agony of terrorism without losing hope that peace would destroy terror before terror would destroy peace.

Today we stand ready to take bold steps in a no less challenging direction, and I trust that we shall have the benefit of your continued support.

The first objective is the most challenging of all: making peace. With our hand of peace extended across the Jordan River, we call upon our eastern neighbor to heed and accept this sincere invitation. We should not miss the opportunity of putting an end to belligerency and of entering honorable and direct negotiation. We are ready to meet without preconditions, without losing time, at any suitable location—be it in Amman, in Jerusalem, or Washington. We are prepared to consider any proposal put forward by the Jordanians. Let us bear the cost of peace in preference to the price of war.

Our second objective is to move economically from stabilization to growth. We are grateful for your continued support in reaching both objectives, particularly in the light of our heavy security burden and lack of natural resources, save for a highly motivated people.

Finally, we would like to join hands with the United States in an appeal to the hearts of our fellowmen. We welcome the opportunity to participate in amplifying the voice of democracy and echoing its values as we address those who are denied its reality, yet yearn for it. In so doing, we reaffirm

our commitment to strive for a world free of discrimination, free of oppression, free of terror.

Chaim Weizmann, a world-renowned scientist, was our first President. He believed that ancient prophecy and modern science, together reaching across the gulf of generations, could set our small nation on the road to development at its highest values.

In recognition of your proven ability to lead a great country to even greater heights by seeking the new horizons of real and great promise, the Weizmann Institute, which has gained high repute, was proud to bestow on you, Mr. Ronald Reagan, an honorary doctorate. Your search for a more stable and safer world has unleashed human curiosity in pursuit of wisdom and knowledge as well as of untold opportunity.

As always, it was a great pleasure and honor to meet with you to discuss in a real friendly way and free spirit our common problems and hopes. And again, thank you for your support, and I'm sure we shall be able to cooperate in the future in the same good way that our two countries were working together for such a long period of time.

¹Text from Weekly Compilation of Presidential Documents of Oct. 21, 1985. ■

An Overview of Developments in the Middle East

by Richard W. Murphy

Statement before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee on September 18, 1985. Ambassador Murphy is Assistant Secretary for Near Eastern and South Asian Affairs.¹

I appreciate this opportunity to continue our ongoing dialogue on developments in the Middle East and to consult on a number of possible arms sale notifications to the Congress. Since we last met July 24 for an overview session, there have been several developments which I would like to review before entertaining your questions.

These topics include our steady and persistent efforts to move toward broader peace through direct negotiations between Israel and its neighbors; the related question of U.S. arms sales to Jordan; the state of the Israeli

economy; violence on the West Bank; Egyptian economic developments; resumed servicing of Saudi military support requirements; and an update on the Iran/Iraq war.

Peace Process

At the request of the President, I traveled to the Middle East on August 12. The purpose of my visit to Jordan, Israel, and Egypt was to consult with the leaders of those countries on how best to advance the peace process. Private and candid discussions with King Hussein, Prime Minister Peres, and President Mubarak have enhanced our understanding of their positions on the key issues. We hope it might soon be possible to move toward a shared objective—direct negotiations on the substantive issues of peace between the parties.

Our efforts to achieve this shared objective are greatly complicated by the continuing—and recently intensifying—acts of violence and terrorism in the region. Those who practice violence cannot be regarded as participants in a peace process. Nor will those responsible for these acts of terrorism be allowed to deter us from the pursuit of peace.

Although I did not meet with a joint Jordanian/Palestinian delegation, the United States remains prepared to do so if we are convinced that the meeting will promote bringing an Arab negotiator to the table with Israel. Our related decisions will be influenced by our assessment of how best to maintain momentum toward direct negotiations. In this connection, I would like to reiterate that the United States has not changed its longstanding policy that we will not recognize or negotiate with the PLO [Palestine Liberation Organization] until it accepts UN Security Council Resolutions 242 and 338 and Israel's right to exist.

Perhaps the most striking observation of my recent trip was the depth of commitment to the search for peace in each of the three countries—Israel, Egypt, and Jordan. All of the leaders with whom I consulted are aware that we are engaged in a process with no easy route to success. There are significant differences in the political environments in which each must develop its policies. Yet in each capital, despite the enormous risks involved, I found a genuine reluctance to close any door as long as there was a chance it might lead to peace.

King Hussein has taken bold steps:

- He broke ranks with the Arab mainstream to restore relations with Egypt, making the point that no state should be ostracized for making peace with Israel.
- He gained PLO agreement, in the February 11 agreement, to seek a negotiated peace with Israel.
- He said on May 29:

I have reassured the President that on the basis of the Jordan-PLO accord of 11th February, and as a result of my recent talks with the PLO, and in view of our genuine desire for peace, we are willing to negotiate within the context of an international conference, a peaceful settlement on the basis of the pertinent UN resolutions, including Security Council Resolutions 242 and 338.

- He recently met with President Mubarak to discuss possible next steps in the peace process. Both he and President Mubarak reaffirmed their determination to continue the search for peace.

Even though Hussein's initiative has broken new ground, significant problems remain unresolved: questions about Palestinian representation, how to bring about direct negotiations, and how to provide the supportive international context Jordan needs to begin direct negotiations. We continue to discuss these questions with King Hussein and look forward to his September 30 visit to Washington as we both attempt to maintain the momentum of the peace process. Meanwhile, the chilling fact is that King Hussein's courageous move toward Israel has provoked overt threats against his regime and associates.

Israel has also shown a willingness to take chances for peace. The Prime Minister has reiterated his government's readiness to begin negotiating as soon as possible with an Arab interlocutor. The desire for peace, and the confidence which can come from peaceful relations with all its neighbors, is palpable in Israel.

Jordan Arms Sales

The Administration has now concluded the Middle East Arms Transfer Study. Under Secretary [for Security Assistance, Science and Technology] Schneider and General Gast [Director, Defense Security Assistance Agency] provided this committee a classified briefing on July 24 on results of the study. Last week, joined by colleagues from the Department of Defense and the intelligence community, I briefed your committee further on regional developments and consulted as well on possible arms sales. The Secretary and a number of other Department officials have consulted with the Senate.

The study clearly affirms Jordan's need for defensive weapon systems to meet a genuine threat. Although we have not yet sent arms sale notifications to the Congress, the Administration is considering requests to enhance Jordan's ability to defend itself. The outlines of the requests are well known. As you will recall from earlier consultations this year, these include anti-aircraft and advanced aircraft systems required for Jordan's self-defense.

As the parties move toward each other to seek a peace settlement, the United States must be prepared to respond to the defense needs of those willing to take risks for peace. A Jordan arms package would improve Jordan's military capability to deter potential aggression. It would also demonstrate to those who want to block peace the seriousness of American staying power in the search for peace.

Saudi Arms Sales

The threat to Saudi Arabia and the U.S. interest to be served there are quite different from Jordan's case.

Saudi Arabia continues to be of great strategic importance to the United States. It is the only government in the Arabian Peninsula both friendly to the United States and capable of playing a regional security role. Saudi deterrence both limits the spread of the Gulf war and reduces the possibility that U.S. forces would be needed in the event of a crisis. The Saudi confrontation of attacking Iranian aircraft last year provided a marker of Saudi defensive capabilities and served to halt Iranian air attacks in the northern Gulf.

Saudi defensive needs are genuine—and increasingly urgent because of the de facto 9-month moratorium on any major sales—as the current ominous escalation of military activity in the Gulf between Iraq and Iran illustrates.

As the Congress is aware, we have been Saudi Arabia's principal arms supplier for over three decades. Consequently, the Saudis look to us not only for major weapon systems—none of which is under active consideration at this time—but also to service the requirements of the systems already provided.

We have a backlog of sales for support equipment and services, held up during the Middle East Arms Transfer Study, that we plan to notify soon. These, for the most part, are for sustainment of items already in the Saudi inventory or for programs that have been underway for some time.

We are well aware of congressional concern about arms sales to Saudi Arabia. In our consultations on the Hill, we have paid close attention to strong congressional opposition to U.S. sales of advanced aircraft to Saudi Arabia.

Yet we are keenly aware that the Saudis are serious about filling their defense needs. We are not surprised that they would move to meet their

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defense needs from other Western sources. Saudi purchases of European systems will complicate interoperability with U.S. systems, remove U.S. involvement in spare parts and training, and generally lessen our influence with the Saudi defense establishment. They also will represent a loss of U.S. trade.

The Saudis are committed to and are seeking a peaceful resolution to conflict in the region. Although we may not see eye-to-eye on every issue, Saudi peace initiatives like the Fahd peace plan and its successor, the Fez communique, were significant steps in the evolution of Arab attitudes toward the search for Arab-Israeli peace.

Israel

On these matters and others, our close consultations with the Government of Israel continue. Finance Minister Modai was in Washington on September 6 for discussions with the Vice President, Secretary Shultz, and other Administration officials on economic matters. We look forward to talks with Vice Premier/Foreign Minister Shamir, who will be traveling here later this month in conjunction with the UN General Assembly. And we hope to announce dates shortly for a visit by Prime Minister Peres in October.

Modai's visit gave us the opportunity to hear an update on the Israeli Government's economic program and to exchange views about next steps in the stabilization process. We both recognized the requirement for vigorous and timely implementation of the full Israeli program, including the need to phase out price controls as swiftly as possible so as to minimize price distortions. We also discussed joint efforts to promote longer term growth and development in Israel and identified additional areas for concentration at the next meeting of the Joint Economic Development Group. Finally, we were pleased to be able to announce the \$750-million first tranche of our supplemental assistance in support of the Israeli Government's program, which will be of great immediate benefit to Israel's balance-of-payments situation.

With the release of 119 Atlit detainees on September 10, Israel has now returned to Lebanon all those transferred to Israel from Ansar prison camp last spring. This should bring to an end the controversy that has surrounded their imprisonment in Israel. We welcome this development and hope it will contribute to an improved security

situation in south Lebanon and along Israel's northern border.

Continued American aid to Lebanon through our ESF [economic support funds] program will help strengthen that country's efforts to redress the impact of 10 years of civil strife. We are also hopeful that this period will be conducive to progress in our efforts to secure the release of the Americans still held captive in Lebanon.

Another subject intimately linked to the peace process is the situation in the West Bank and Gaza. We are very concerned over the increase in violence in the occupied territories. We have strongly and publicly deplored the recent acts of violence and have made it clear that there is no place in the peace process for those who use violent means to achieve their goals. Both Israelis and Palestinians are the victims of those who seek to prevent progress toward peace through use of terrorism.

Egypt

Central to the peace process is the relationship between Israel and Egypt. We believe that continued improvement in Egyptian-Israeli relations would provide an important boost to our peacemaking efforts in the region. In recent weeks, Israeli and Egyptian officials have conducted a series of high-level discussions, and both sides have expressed satisfaction with the progress on a variety of issues of mutual concern. The unresolved Taba issue remains an irritant, but both sides are working hard on obtaining a mutually acceptable solution to this vexing problem. We are hopeful that current discussions can point the way to an Egyptian/Israeli summit and the return of the Egyptian ambassador to Israel.

President Mubarak will be visiting Washington on September 23 for talks with President Reagan on the peace process and other issues of mutual concern. His visit follows the formation earlier this month of a new Cabinet headed by Prime Minister Ali Lotfy. We look forward to continuing our close cooperation with the new Egyptian team.

The appointment of Lotfy, a professional economist, signals that Egypt's economy remains President Mubarak's primary domestic concern. Egypt faces serious economic problems, including a deteriorating balance of payments, chronic budget deficits, and a growing foreign debt. Continuing declines in oil prices, reduced demand for Egyptian

goods and services, and the expulsion of Egyptian workers from Libya have added to these difficulties. To deal with Egypt's economic problems, the outgoing government developed a comprehensive strategy for reform. In the coming months, we expect the new Cabinet to take action to implement specific reforms envisaged in the strategy.

We have been engaged in a constructive dialogue with the Egyptians on their reform program and expect this will continue with the new government. In recognition of Egypt's economic problems and the government's reform efforts, the Administration has decided to make an initial apportionment of \$250 million from the \$500 million appropriated for Egypt under the fiscal year 1985 supplemental.

Iran/Iraq War

The continuation of the Iran/Iraq war remains a source of concern. The land struggle has varied in intensity for several years. Yet, it has cost tens of thousands of lives in the past 5 years and has witnessed the largest scale use of chemical warfare since World War I. In the last few weeks, Iran launched a sizable attack in the northernmost part of the front.

A significant development in the gulf is the series of bombing raids carried out since August 15 by Iraq against the Iranian oil export facility at Kharg Island, which handles about 90% of Iran's oil exports. One of the island's two major loading facilities has been severely damaged, but the attacks have not yet affected Iran's ability to maintain its current level of exports (around 2 million barrels per day). Since the Iraqi attacks on Kharg began, Iran has reacted by increasing efforts to intercept cargoes bound for Kuwait, launching the offensive in Kurdistan, and attempting to attack Iraq's export pipelines. Iranian media have been freshly critical of Kuwaiti support of Iraq, and Iran has repeated its longstanding threat that if its oil exports are cut off, it will end oil shipments by other gulf exporters.

Five years of fighting and numerous good-faith attempts at mediation by international organizations and third parties, all of which we have supported, have not produced a resolution of this conflict. Yet, there is no question that Iraq wants to end this struggle and that the war continues at the insistence of Iran. The intransigence of the Iranian

SDI: Its Nature and Rationale

by Paul H. Nitze

Address before the North Atlantic Assembly in San Francisco on October 15, 1985. Ambassador Nitze is special adviser to the President and the Secretary of State on arms control matters.

The U.S. Strategic Defense Initiative (SDI) has been an important part of the public debate about arms control here, and in Europe, for the last year. It now is one of the central issues in the current negotiations with the U.S.S.R.

Serious debate about SDI was to be expected. The goal President Reagan has set for the SDI research effort is challenging. SDI is a program whose success could have major implications for Western security policy. The debate is desirable; democracies make their wisest and most durable decisions when all aspects of an issue are weighed and considered in an open and rigorous manner.

But the debate should be an informed one, free of fixed preconceptions or erroneous assumptions. Regrettably, the discussion of SDI is often burdened by confusion, some based on honest misconception, some resulting from a pervasive Soviet propaganda campaign. I, therefore, welcome the opportunity to clarify the background and rationale for SDI.

Genesis of the Program

Two years ago President Reagan directed that the U.S. Government undertake a close examination of the possibilities of strategic defense. That decision resulted from several factors.

First. The first was the deterioration of the strategic balance since the signing of SALT I [strategic arms limitation talks], in contrast to our expectations at the time.

In 1972, the United States and the Soviet Union signed the Anti-Ballistic Missile, or ABM, Treaty. It was then our hope and assumption that, with the stringent limits on defenses against ballistic missiles embodied in that treaty, it would be possible to negotiate significant reductions in strategic offensive nuclear arms.

It was believed that the nuclear relationship would be stable if each side had survivable retaliatory offensive forces roughly equal in capability to those of the other side and was, at the same time, virtually defenseless against ballistic missile attack—and, therefore, open to the other's retaliatory blow. In such a situation, neither side would have an incentive to strike first, even in the most dire circumstances. It was felt the way would then be open for strategically significant limitations on and reductions in offensive arms.

Unfortunately, that has not proved to be possible. The Soviets—during SALT II and the 1982-83 START [strategic arms reduction talks] negotiations—showed little genuine readiness to discuss meaningful limits on or cuts in offensive arms. Instead, strategic offensive arsenals have expanded greatly since 1972. The Soviet Union has taken full advantage of the combination of multiple warheads, large ballistic missiles, and increasing missile accuracy permitted by SALT I and SALT II. The Soviets have used this combination to deploy the most worrisome element of the current strategic equation—a ballistic missile force capable of threatening virtually the entire range of targets in the United States that comprise the fixed land-based portion of our retaliatory forces.

The number of warheads on Soviet strategic ballistic missiles today is four times the number when SALT I was concluded. Furthermore, the Soviet capability to destroy hard targets quickly has increased by a factor of more than ten. This growth in offensive capabilities is contrary to what we had in mind in 1972.

At the same time, the Soviets have been pursuing major efforts on the defensive side. In fact, over the past 20 years, they have spent roughly as much for strategic defense as they have for their massive offensive nuclear buildup. They have poured millions of tons of concrete to provide passive defenses, they have deployed extensive air defenses, and they have deployed the world's only operational ABM and anti-satellite systems.

Government in the war, along with its support of international terrorism, notably in Lebanon, are the two major manifestations in its external policies of its unacceptable revolutionary extremism.

We continue to face the important problems raised by the Khomeini government's intransigence in the war and continuing willingness to employ terrorism. At the same time, we do not lose sight of our longer range strategic interests in a stable Iran as a responsible member of the international community.

¹The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

MILITARY AFFAIRS

Moreover, the Soviets have for many years devoted extensive resources and energy to investigating many of the same technologies that we are now examining in SDI. This Soviet effort has gone forward without any public debate of the type that has accompanied SDI in the West.

The aggregate of Soviet offensive and defense activities since 1972—some of which are in violation of, or raise troubling questions for, compliance with existing arms control agreements—is persuasive evidence that they did not accept the concept of stable mutual deterrence on which we believed the ABM Treaty to be premised.

Second. A second factor leading to SDI was the technological advances which have taken place since 1972. In the late 1960s, when we were examining ABM systems, we concluded that the then-existing technology was such that ABM systems could be overcome by additional offensive systems at less cost. Technology has come a long way since then, and it may well be possible in the future to reverse that conclusion.

Great strides have been made in effectiveness and reduced cost in many areas relevant to ballistic missile defense, such as microelectronics, data processing, and sensors. These may now make possible defensive systems that were beyond the reach of the technology of 15 years ago.

Let me cite one example. In the late 1960s the only feasible exoatmospheric ABM system was based on a ground-based interceptor, the accuracy of which was limited. It could destroy an incoming warhead only if the interceptor itself was armed with a large, multimegaton nuclear warhead. Last year, in the homing overlay experiment, it was proved possible to destroy a mock incoming warhead by direct impact with an interceptor containing no explosive of any kind.

Technology is thus opening new possibilities for strategic defense and may, in fact, offer survivable and cost-effective defensive systems.

Third. The third factor behind SDI was the President's strongly held belief that, while deterrence based on the threat of offensive nuclear retaliation must form the basis of Western security policy as long as there is no better

deterrent at hand, we should not be content necessarily to confine ourselves to that goal in perpetuity. He asked, instead, whether it might not be possible to offer a better and brighter vision for the future—one in which deterrence would be based more on the ability to defend rather than to retaliate with predictably tragic devastation. If a better way is possible, we have an obligation to search for it.

These three factors prompted the President's decision in early 1983 to launch SDI.

Nature of the Program

Let me be clear as to exactly what SDI is. SDI is a research program that is investigating the feasibility of new defensive technologies, both Earth and space based. The program is and will continue to be conducted in full conformity with the ABM Treaty. The treaty's text, the agreed statements accompanying it, the negotiating record, and official statements made since 1972 have been variously interpreted as to what kinds of development and testing, as well as what kinds of research, are permitted, particularly with respect to future systems and components based on new physical principles.

Because of the great potential contribution that SDI could make to our security, and because of our interest in a rigorous implementation of the ABM Treaty by both sides, we have devoted much attention to the question of how to interpret the treaty. It is our view, based on a careful analysis of the treaty text and the negotiating record, that a broader interpretation of our authority than that which we have applied to restrict our SDI research program would be fully justified. This is, however, a moot point; our SDI research program has been structured and will continue to be conducted in accordance with a restrictive interpretation of the treaty's obligations.

Should SDI prove new defensive technologies feasible, by indicating that defensive systems can meet demanding criteria of survivability and cost effectiveness, we believe the strategic balance could be made more stable by greater reliance on such defenses. Survivable and cost-effective defenses could

so complicate a potential attacker's planning for a first strike that such an attack could not be seriously contemplated and deterrence would thus be significantly enhanced. Additionally, such defenses could render a continued offensive buildup futile.

Looking to the more distant future, strategic defenses might make an important contribution toward the eventual elimination of nuclear arms. Achieving that ultimate objective would, of course, presuppose a much more cooperative overall East-West relationship, one in which, for example, efforts to establish conventional force balances at lower levels and to enhance mutual confidence should also prove fruitful.

Even should all nuclear arms be eliminated, the technical knowledge required to make such weapons would remain, and we would need to deal with the danger of cheating or exploitation by irresponsible elements. Non-nuclear defensive systems would serve that purpose.

We have no preconceived judgments about the outcome of the research program, about whether it will yield practical new defensive options, or, if so, exactly what kind of defensive options those would be. We recognize that we have much to learn before we can make hard judgments as to the capabilities, costs, and value of such defenses. Accordingly, the research will take a number of years.

During this period, deterrence must continue to rest almost exclusively on offensive nuclear retaliatory capabilities. Thus, our near-term arms control objective is to restore the situation envisioned in the 1970s: sharply reduced offensive forces and full compliance with the ABM Treaty.

The results of the SDI research program will provide the information and data base necessary for a future administration and Congress to make an informed decision, sometime in the next decade, about whether to begin to shift toward an offense-defense mix placing greater reliance on defense than at present.

What SDI Is Not

Let me now address a few words as to what SDI is not.

First, SDI is not a deployment program; it is a research program only. We have made no decisions to go beyond what is permitted under the ABM Treaty.

I might note that the Soviet position on research has been inconsistent. The Soviets used to insist that limits on research were neither verifiable nor desirable. In his last two meetings in January and May with Secretary Shultz, then-Foreign Minister Gromyko did not challenge our view that research limits could not be verified. And the scope and scale of Soviet research into advanced defensive technologies, an effort comparable to SDI, indicates that the Soviets see potential benefits in these new technologies.

Nevertheless, since the beginning of the Geneva negotiations in March, the Soviets have called for a ban on research directed toward creating what they call "space-strike" arms. Mr Gorbachev in his *Time* magazine interview said that fundamental research could go on, but he continued to call for a ban on U.S. SDI development, including research focused on SDI.

The Soviets have justified their position on research by admitting that they are carrying out work within the framework of the ABM Treaty but asserting that they are not engaged in work on "space-strike" arms. They have claimed that our research, on the contrary, is directed toward systems that would counter their forces and must, therefore, be regarded as "offensive." Our research should, therefore, be prohibited while theirs should be allowed. Such an interpretation would lead to a one-sided outcome that would leave them with a near monopoly in research in new defensive technologies.

In addition, SDI is not, as the Soviets regularly assert, an attempt to obtain superiority, and the President has made this clear. Our purpose with SDI and other defense programs, such as our strategic modernization and INF [intermediate-range nuclear forces] deployments, is to maintain balance and assure U.S. and allied security in the face of the undesirable and dangerous trends in the strategic equation that I described earlier.

We have stated publicly, as well as to the Soviets, that we wish to discuss with them now and, should SDI indicate that new defensive systems are feasible, negotiate with them pursuant to the terms of the ABM Treaty as to how new defensive systems might be phased into the force structures of both sides.

What we have in mind is a jointly managed transition, one in which the United States and the Soviet Union would together phase in new defenses in a controlled manner while continuing to reduce offensive nuclear arms.

In this regard, let me emphasize the importance we place on strategically significant reductions in the number and effectiveness of offensive nuclear weapons. The present levels of effectiveness of offensive weaponry, particularly on the Soviet side, are entirely too high, to the point that the survivability of each side's land-based retaliatory forces will become increasingly threatened. Significant reductions in destabilizing systems can be crucially important to enhancing stability. They should be carried out now, regardless of whether or not SDI proves successful.

If new defensive technologies are shown to be infeasible, strategically significant offensive reductions would, nonetheless, reduce destabilizing elements in the current strategic equation. And if SDI proves successful, such reductions in offensive forces would help enhance stability during a transition, by decreasing concerns that growth of defenses could support, rather than discourage, a first-strike strategy. Furthermore, the reductions would simplify the task of defenses, thereby offering both sides increased security at lower costs.

Finally, let me emphasize that SDI is not designed to produce a regime that would replace deterrence but rather to shift its means. Deterrence requires that a potential opponent be convinced that the problems, risks, and costs of aggression far outweigh the gains he might hope to achieve. A popular view of deterrence is that it is almost solely a matter of facing an aggressor with high potential costs in the form of the threat of devastating nuclear retaliation. Today, there is no available alternative to this means of deterrence, and thus it is the necessary and moral course for us to take.

But deterrence can also function effectively if one has the ability to deny the attacker the gains he might otherwise hope to realize. It is our hope and belief that a deterrent balance based on a greater contribution by defense would provide a sounder basis for a stable and reliable strategic relationship.

Conclusion

I am not suggesting that SDI will have no potential impact on Western strategy. A more defense-reliant deterrent posture could, indeed, have implications for our future defense policies. But that does not mean we should shy away from considering such a posture.

What we should do—with clear, objective, and open minds—is consider the implications of greater reliance on defenses. Those implications will weigh heavily in any decision we might take to proceed to deploy new defensive systems.

President Reagan has stressed that the SDI research program is designed to enhance allied as well as U.S. security. Because we are examining systems that could defend both European and U.S. territory, Europe would receive the direct benefits which result from increased uncertainty for potential aggressors. Moreover, since our allies benefit from the extended deterrence of the United States, a program that enhances U.S. security and U.S. confidence in the viability of its strategic deterrent will increase the effectiveness of the U.S. commitment to Europe as well.

The President has emphasized our commitment to close consultations with our allies as we proceed through each step of the program. This is the manner in which the Western coalition of democracies works best. I am confident that, with such discussion, we will make the right choices. ■

Refugees: The Need for Continuing Support

by James N. Purcell, Jr.

Address before the Executive Committee of the UN High Commissioner for Refugees (UNHCR) in Geneva on October 8, 1985. Mr. Purcell is Director of the Bureau for Refugee Programs.

We are meeting at a time of special concern about the adequacy of funding for programs carried out under the leadership of the High Commissioner and his office. All of us have had advance notice, directly and through the press and media, of the financial crisis facing the organization. The High Commissioner has spelled out the dimensions of the problem, and it is our responsibility to support UNHCR [UN High Commissioner for Refugees] efforts to deal with it. The task is not an easy one.

We should, however, approach it in a spirit of good will and constructive comment, with the objective of helping assure that the basic needs of the world's refugees continue to be met.

That is the spirit, I know, that has been the central theme of the High Commissioner's leadership in the years that he has held this distinguished office. Allow me, for a moment, to reflect on the challenges that have faced the High Commissioner since he came to that position and on the many accomplishments for which he will be remembered.

UNHCR Challenges and Accomplishments

When [High Commissioner] Poul Hartling came to Switzerland from Denmark in 1978, the crisis of the Indochinese refugees was upon us, only to be followed by successive waves of major refugee flows in other parts of the world.

Beginning in 1977 and at floodtide in 1978, refugees from Vietnam, Laos, and Cambodia began to arrive in large numbers in countries often ill-prepared to offer them even temporary asylum. Following the first Indochinese boat refugee conference convened in Geneva in December 1978, the High Commissioner issued what came to be a virtually continuous series of appeals for international burdensharing to resettle the

refugees in third countries. More than 1.5 million Indochinese have found haven outside the region—by any measure, one of the great humanitarian accomplishments of this century. In 1979, the UNHCR played a vital role in the arrangements for the emergency care and temporary resettlement of the Cambodians moving into Thailand and of growing numbers of land- and river-crossing refugees from Laos.

May I mention that among those escaping from Cambodia at that time was Dith Pran, whose odyssey of survival has been so compellingly documented in the movie, "The Killing Fields." The High Commissioner has appointed him a goodwill ambassador on behalf of refugees everywhere. Having seen the saga of his survival as depicted in the film, and having met him personally, I know he will be a powerful voice for refugees.

While coordinating the international response to the Indochinese refugee crisis, the UNHCR was faced with mounting waves of refugees fleeing Afghanistan into Pakistan and other neighboring states. Here was a different form of crisis in which third-country resettlement was not a major element of solution. The Government of Pakistan and other governments were prepared to offer temporary refuge if supplemental material and financial support could be provided by others. It was an arrangement that worked, thanks to the generosity of the Pakistani Government and people, the international framework provided by UNHCR, and the essential contributions of concerned donors.

The most sustained challenges facing the High Commissioner have come in Africa, where refugees have been a tragic, continuing phenomenon of the decade. The High Commissioner's recognition of this challenge was evident at the first African refugee meeting, at Arusha, Tanzania, in 1979, when governments reached agreement on measures going beyond the principles set forth in the UN convention and protocol. They extended refugee protection to victims of events seriously disturbing public order in their countries of origin as well as victims of persecution. Arusha also expressed the resolve that Africans have long shown in seeking solutions for refugee problems within Africa.

Faced with the recurrent need for crisis solutions—and crisis financial appeals—UNHCR took the lead in forging the link between refugee aid and development aid. This was a major theme of the International Conferences for Assistance to Refugees in Africa, where it was recognized that lasting solutions could be greatly facilitated through the integration of refugee relief and development.

The Reality of Funding Requirements

Today's reality is that programs dedicated to lasting solutions and refugee care require large expenditures of funds. In the past 8 years, the total funding for the general and special programs that this Executive Committee has approved exceeds \$3 billion. It is a tribute to international burdensharing and to the compelling nature of the humanitarian crises that resources have been provided in such generous amounts.

What does this mean? While in some cases refugees need only legal protection, the vast majority need more, ranging from care and maintenance programs to programs enabling refugees to become self-supporting. The days appear past when refugees were a minority living temporarily in an industrialized economy while awaiting resettlement in another modern industrial society.

We need to recognize the broader definition of donor country, which must include the asylum countries who provide their land and share their lives with the refugees. Countries recognized primarily for their financial support have, in some instances, also accepted significant numbers of refugees for third-country resettlement. In my own country in the past 10 years, we have received over 1 million refugees for permanent resettlement. While we recognize that these new arrivals enrich our nations, there is a growing concern about balancing resettlement with other durable solutions. This new reality demands extraordinary efforts both to reduce the numbers of refugees requiring third-country resettlement and to find other, more satisfactory solutions to their plight.

The other aspect of that reality is the ever-growing competition for financial support. This competition for funds must impose an ever-sharper discipline on those of us responsible for overseeing the expenditure of our funds, a discipline which must provide refugee-specific

earmarking in donor budgets pledged early enough so that UNHCR can plan its programs in an orderly fashion. With complementary provision of emergency funds for rapid response to unforeseen contingencies, such budget restructuring could better enable donors to meet refugees' needs.

Strengthening UNHCR's Program

This brings me to the High Commissioner's program.

In the Subcommittee on Budget and Finance and in past meetings of this Executive Committee, we have joined other delegations in constructive proposals to strengthen program management and delivery. We have been in the lead of those calling for a more vigorous effort to stop pirate attacks on refugees. We have made full use of the Orderly Departure Program from Vietnam administered by the High Commissioner. We have called for strengthened emergency response capability, seeing that aspect of the High Commissioner's responsibility as sorely tried during the massive arrivals of refugees in eastern Africa this past year.

We have laid stress on the need for improved international burdensharing and for coordination by the High Commissioner with the UN system as a whole. We have been heartened by the establishment of special structures and procedures established within the United Nations to coordinate emergency operations in Africa. This follows the successful example of the UN task force which coordinates relief operations on the Thailand-Cambodia border. And we have joined with others in urging the fullest possible degree of information sharing and mutual support among affected countries, the donors, and the agencies of the UN system.

We have recognized the need for donor support, and we have worked hard within our own government to provide our share of needed contributions. Therefore, we view with most serious concern the budget crisis that is facing the organization. This past year the U.S. Government has contributed \$123 million toward the High Commissioner's program requirements for 1985. In addition, the United States has provided approximately one-half of Africa's overall emergency food needs.

We have listened to the High Commissioner's assessment of the programs and services that would need to be curtailed if additional contributions are not

immediately forthcoming. We support the UNHCR's judgment that basic, life-sustaining services must have priority. Africa, in particular, is an imperative. We hope that all donors will make a special effort to identify additional sources of food and cash contributions so desperately needed for the refugees of Africa, while maintaining support for essential programs in other regions.

Future Directions

Serious as it is, the financial crisis also provides an opportunity to consider future directions for UNHCR. While the mandate of the High Commissioner's office is "temporary," it should now be evident that refugees will be long with us and that they will continue to need assistance and protection.

As we look toward the last years of this decade, it seems to me that certain points about the High Commissioner's program and organization are becoming increasingly clear and widely accepted.

First, there is the recognition that, while refugee issues continue to impact on both donor and asylum countries, the most acute refugee burdens in the years ahead will confront the developing countries, often the most economically distressed among them. UNHCR's attention to the link between refugees and development reflects this reality.

Second, there is recognition that, in refugee work, what begins as temporary often becomes permanent. Short-term needs impinge on long-term solutions. While we view with concern and alarm the prospect of unexpected refugee arrivals, it is a fact of life that refugees and displaced persons will continue to cross national frontiers. They will need help, and the concerned international organizations will be called on to play a role.

Third, continued safe, humane first asylum requires a recognition that, in the first instance, refugees are primarily the responsibility of the country offering asylum. Programs for refugees need to take full account of the sovereignty of host nations and can be carried out effectively only with the vigorous participation of the governments and people of the countries concerned. We must be ever alert for integration, at the appropriate time, of assistance to refugees and returnees into national development programs.

Fourth, the responsibilities entrusted to the High Commissioner and the continuing constraint on resources increasingly demand even greater humanitarian diplomacy and the highest standards of cost-effective management. The experience of recent years has shown it is no longer a question of whether there should be an operational capability, but rather one of how—and how well—UNHCR programs are directed.

Conclusion

In summary, it is clear that there needs to be a consistent focus on the organization and management of programs that benefit refugees wherever they are, in ways that recognize the need for long-term solutions even as emergency responses are implemented, with full regard for the traditions and sovereignty of the host countries.

These days we are more likely to see a refugee emergency beyond the capability of any single agency or organization to resolve, in which UNHCR as the primary operating partner must engage a range of governmental, UN, and nongovernmental organizations as partners.

We believe that the UNHCR should continue to play a lead role in the direction and management of essential programs for refugees, functioning in partnership with the governments concerned, taking the lead in international coordination to draw on the resources of other UN agencies and private organizations, and developing the kind of longer term relations with donors that have proven essential to attract the necessary financial support.

We look on this as a productive partnership, one in which an ever-wider range of governments, personnel, and organizations can participate in helping resolve refugee issues within the framework afforded by UNHCR. We regard it as a prospect that should be viewed with optimism: to build on a distinguished record of UNHCR as well as the lessons of the past to create new approaches to deal with new problems.

As we work with UNHCR to come to grips with the problems before us and to plan for the future, let us keep always in mind the interest and needs of the refugees we serve, for they are the purpose of our endeavors. ■

TERRORISM

Terrorists Seize Cruise Ship in Mediterranean

DEPARTMENT STATEMENT,
OCT. 9, 1985¹

The Government of Egypt says that the hijacking situation is over. The Government of Egypt has also stated that the passengers are all safe. We have no independent information, however, on the condition of the hostages.

Our position on hostage-taking is clear. We believe those responsible should be prosecuted to the maximum extent possible. Beyond that I could only tell you that the *Achille Lauro* is still some distance from Port Said. It should be arriving perhaps in an hour or so, and it is under the command of its captain. Again [this is] information which we have from Egyptian authorities.

WHITE HOUSE STATEMENT,
OCT. 9, 1985²

While we welcome the release of the passengers and crew of the *Achille Lauro* we are saddened and outraged at this brutal killing of an innocent American, the second such terrorist murder in 3 months. We are particularly distressed that there has been no announcement yet that those responsible will be turned over to the appropriate authority for prosecution and punishment.

From the outset the U.S. Government made it clear to the Government of Egypt and the Government of Italy our opposition to negotiations with the terrorists and our expectation that the terrorists would be apprehended, prosecuted, and punished. The United States remains determined to see that those responsible for this heinous act be brought to justice and punished to the maximum extent. There must be no asylum for terrorists or terrorism.

WHITE HOUSE STATEMENT,
OCT. 10, 1985²

At the President's direction, U.S. military forces intercepted an aircraft over international airspace that was transporting the *Achille Lauro* terrorists. The aircraft was diverted to the airbase at Sigonella, Italy. In coopera-

tion with the Government of Italy, the terrorists were then taken into Italian custody for appropriate legal proceedings.

Earlier today, upon learning that the terrorists would be flown from Egypt to their freedom, the President directed that U.S. forces intercept the aircraft and escort it to a location where the terrorists could be apprehended by those with appropriate jurisdiction. U.S. F-14 aircraft, flying from the carrier *Saratoga*, detected the aircraft in international airspace and intercepted it. They instructed it to follow them and escorted it to the military airbase at Sigonella, Italy. This operation was conducted without firing a shot. The aircraft landed with Italian consent and was surrounded by American and Italian troops. The terrorists aboard were taken into custody by Italian authorities. The Egyptian aircraft, with its crew and other personnel on board, is returning to Egypt.

We have been assured by the Government of Italy that the terrorists will be subject to full due process of law. For our part, we intend to pursue prompt extradition to the United States of those involved in the crime. This action affirms our determination to see that terrorists are apprehended, prosecuted, and punished.

This episode also reflects our close cooperation with an exemplary ally and close friend—Italy—in combatting international terrorism. The American Government and people are grateful to Prime Minister Craxi, his government, and the Italian people for their help.

We are also grateful to the government of Tunisia for its refusal to permit the aircraft transporting the terrorists to land in Tunisia.

Finally, we must at this point note our gratitude to the government of Egypt for its efforts to end this dangerous crisis without additional loss of life. We strongly disagreed with the Government of Egypt, however, on disposition of the terrorists.

From the onset, the U.S. Government made clear to all the governments involved our firm opposition to negotiations with the terrorists or concessions to them. We also made clear our expectation that the terrorists would be brought to justice.

We were, therefore, deeply distressed to learn that those responsible for the death of Leon Klinghoffer might be permitted to go free. We said yesterday that we were determined to see justice done and that we would use every appropriate means to that end.

The decision on ending the hijacking was an independent one by the Government of Egypt. When we were consulted, we advised strongly against any arrangements which would permit the terrorists to escape justice. Since the time the terrorists were taken off the ship, we have continued intensive contacts with the Government of Egypt to pursue that point.

The United States wants to emphasize the fundamental and durable interests that the United States and Egypt share, interests which transcend this difficult incident. These have been trying times for both our governments. We will do all we can to ensure that the basic U.S.-Egyptian relationship—in which both our countries have taken so much pride for so long—remains unaffected.

In closing, the President wants to emphasize once again that the international scourge of terrorism can only be stamped out if each member of the community of civilized nations meets its responsibility squarely—passing up no opportunity to apprehend, prosecute, and punish terrorists wherever they may be found. We cannot tolerate terrorism in any form. We will continue to take every appropriate measure available to us to deal with these dastardly deeds. There can be no asylum for terrorism or terrorists.

PRESIDENT'S REMARKS
(EXCERPTS),
OCT. 11, 1985²

....

Events of the past 24 hours reinforce the determination of all of those who share the privileges of freedom and liberty to join together in countering the scourge of international terrorism. All civilized people welcome the apprehension of the terrorists responsible for the seizure of *Achille Lauro* and the brutal

murder of Leon Klinghoffer. The pursuit of justice is well served by this cooperative effort to ensure that these terrorists are prosecuted and punished for their crimes.

I want to point out the crucial role played by the Italian Government in bringing this operation to a successful and peaceful conclusion. Throughout, Prime Minister Craxi has been courageous in his insistence that those apprehended shall be subject to full due process of law.

I also want to note my gratitude that the Government of Egypt was able to end the crisis without additional loss of life, although I disagreed with their disposition of the terrorists.

And, additionally, I wish to praise President Bourguiba's forthright decision to refuse the entry of the fugitives.

Most of all, I am proud to be the Commander in Chief of the soldiers, sailors, airmen, and marines who deployed, supported, and played the crucial role in the delivery of these terrorists to Italian authorities. They and the men and women of our Foreign Service and intelligence community performed flawlessly in this most difficult and delicate operation. They have my gratitude and, I'm sure, the gratitude of all of their countrymen. These young Americans sent a message to terrorists everywhere. The message: You can run, but you can't hide.

Q. Does your action last night increase the danger for other Americans being held hostage in the Middle East?

A. I don't believe so. I don't think that there's any increase that could be made. I think that Americans, as well as many other people from other countries—as was evidenced in the passenger list of that ship—are targets of continued terrorism.

Q. The Egyptians are apparently holding on to the *Achille Lauro*, the ship that the hijacking took place on. What do you know about that? Is there any tie to the fact that Italy is now holding the Egyptian plane, and what are you going to do to try to get that ship released? There are apparently still Americans on it.

A. I really don't know whether that is being held there for anything other than just simply it is berthed there at this time. I don't know whether the other passengers who were away from Port Said—they are waiting for them to come aboard or anything—whatever might be true of that. I just don't know.

Q. Can you tell us about your attitude now toward Egypt, and can you tell us whether we intercepted this plane without any help from Egyptian authorities, either the top officials of the government or lower down or whether, in fact, they did give us some sort of help?

A. Knowing that we could not risk a leak of any plans of this kind—this plan was ours, and the decision was made yesterday afternoon on Air Force One coming back from Chicago.

Q. You're telling us that Egypt then didn't know we were going to do it and didn't sanction it in any way?

A. And nor did the Italians know we were going to do it, as far as I'm aware.

Q. You say the decision was made on Air Force One. Can you tell all of us exactly what you did on this yesterday? What went through your mind, what decisions exactly you made, and what it was like for you yesterday?

A. I can't answer exactly on some of those things, on the decisions that were made. The operation, as it was carried out, was the operation that I ordered and approved of. But the reason I don't want to answer any more specifically on things of that kind is because terrorism and fighting terrorism is an ongoing thing, and again, as we've said before, I don't want to make public decisions that we've made as to what we would or would not do in events of that kind, because I think it's for the terrorists to wonder what we're going to do.

Q. But was it difficult for you or easy for you? Can you give us some sense of your own state of mind?

A. I don't know whether a decision like that can ever be called easy, but I had complete faith in our forces, and the opportunity was there. I believed that the mission was possible, and I didn't think there was any way that I could not approve a mission of that kind with what was at stake.

Q. What kind of message do you think this sends regarding your resolve? You've been criticized in the past for not taking action against terrorists. How does this fit the profile of what you think is possible, feasible, and what kind of message for the future?

A. Our problem in the past has not been a lack of will. Our problem has been in terrorist attacks that have taken place in the past. First of all, in a number of them, such as the terrible tragedy with the Marines, the

perpetrators of the act went up with the bomb. They were suicides, so, there wasn't—you couldn't—you were faced with, well, who were their collaborators, who was behind them, how do you retaliate—they're gone.

And the other thing is in a number of incidents where to retaliate would simply be an act of violence without any knowledge that you were striking the perpetrators of the deed and you might be attacking many innocent people. This has been our great problem with terrorism. But here was a clear-cut case in which we could lay our hands on the terrorists.

Q. Since you know that these were the criminals and since you knew there were not innocent people around, were you prepared to fire? Were you prepared to shoot that plane down?

A. This, again, is one of those questions that I'm not going to answer. That's for them to go to bed every night wondering.

Q. On extradition, will you press to extradite the terrorists to the United States if the Italians do give them what you consider to be justice, knowing that there is no capital punishment in Italy?

A. We think this is the proper thing to do because—I'm not a lawyer, and I don't intend to get into too many legal areas where I might be caught short—but they could be tried in both countries, and in this country they would be tried for murder, where in Italy they will probably be tried on the basis of piracy because of the taking over of the Italian vessel. So, this is why we have put in a request for extradition.

Q. Do you want two trials, or would you be satisfied if the Italians give them, say, a long prison sentence?

A. That remains to be decided as to how far we go or how far we pursue this. What we want is justice done.

Q. Does that mean death to the hijackers?

A. I'm just going to say justice done.

Q. There were reports that there was disagreement between yourself and Prime Minister Craxi about the disposition of these terrorists—how they'd be tried, where they'd be tried. Is there any truth to that?

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A. No. We had a phone call last night. He told me what his situation was with regard to them, and I told him what ours was. And I told him that we would introduce an extradition request. He told me what their legal process was with regard to that, that it wasn't something that he could just give an opinion on himself, any more than I could if the situation was reversed. And, no, we had full cooperation.

....

Q. Are you concerned that this act may endanger the other six American hostages—that the action taken yesterday may endanger the other six?

A. I have no way of knowing that or what they're thinking. All I know is that we are still doing everything we can, and investigating every channel we can, to try and get back the other six hostages.

....

Q. Are you angry at President Mubarak for his conduct in this whole affair?

A. No. As I say, we disagreed, but we have had too firm a relationship between our two countries, and there's too much at stake with regard to peace in the Middle East for us to let a single incident of one kind or a disagreement of this kind color that relationship.

Q. Did he not lie about where the hijackers were to the United States?

A. I have no way of knowing that, either, or in knowing what that—

Q. Did the Egyptians assist in any way in this operation?

A. No. As I say, we did this all by our little selves.

Q. Are you satisfied that all of the perpetrators are in custody?

A. I don't think any one of us could answer that. We have no way of knowing that. We know that the four who were on the ship were the ones that perpetrated the crime. Very obviously, they are part of a splinter group from the Palestine Liberation Organization and have their own goals and aims, and how many were involved in planning or supporting such a mission of this kind, we don't know.

Q. Have you called the Klinghoffer family yet?

A. That's what I'm going to the office to do, and you're making me late.

Q. —two additional Palestinians on that plane; one of them is said to be one of the murder experts for the PLO, who has organized many raids of this type.

A. All of these things, I think, will be answered in the investigation leading to prosecution.

**SECRETARY'S INTERVIEW,
"THE TODAY SHOW,"
OCT. 11, 1985³**

Q. In whose hands are the terrorists right now?

A. They are in the hands of the Italian police.

Q. Have we officially requested extradition?

A. We have said that we will, and whether the papers have actually been delivered, I can't tell you. But we are moving on that very fast.

Q. Does it seem at this point as if that extradition request will be denied, from what the Italians are saying?

A. It remains to be seen. I think the important point here is that both governments want to see these people who committed murder on an Italian ship brought to justice.

Q. Would we be willing to see them stand trial under the Italian system of justice?

A. We have full confidence in the Italian system of justice. And I'm sure they have full confidence in ours. And it may turn out that these murderers will be tried in both countries.

Q. At this point, it seems unclear to many of us whether or not the plane was intercepted or escorted. In your view, which applies?

A. The plane was intercepted and signaled to and told to follow our planes down to the Sigonella air base.

Q. Were we prepared to shoot the craft down if our signals had been ignored?

A. I'm not going to get into the "if-ty" things of what we were prepared to do or not prepared to do.

Q. Who in your view was in on the planning of this operation?

A. Everybody in the top end of the government was working on this yesterday. It was a very good cooperative effort all around. And of course the person in charge was the President.

Q. I'm speaking internationally.

A. All through the time of this hijacking, the governments of the countries involved were in communication about how to handle it. And after the people, after the ship was freed, and the people on it were freed, then we, of course, had dealings with the Egyptian Government. I have to say we were disappointed that the hijackers were allowed to leave Egypt. But at any rate, we were in touch with them; we were in touch with the Italians, obviously. It was, I think, noteworthy that the Tunisians refused landing rights to the plane; the Greeks refused landing rights to the plane. In other words, the international community is coalescing on the idea that there should be no sanctuary to terrorists.

Q. Italian officials this morning are saying that Egyptian officials were involved in the plan from the ground floor. Is that accurate?

A. You mean involved in the planning of the hijacking?

Q. No, in the planning of the intercept operation.

A. No, there was no collaborative effort there at all.

Q. If they weren't involved, how are you accounting for Egypt's decision to allow the hijackers a plane with which to flee Egyptian control?

A. No doubt the Egyptian authorities allowed the hijackers to leave Egypt. But I thought you were talking about once the plane took off, were the Egyptians involved. No, they weren't. That was an intercept by the Americans, brought down into the Italian air base.

Q. Yesterday at this time, President Mubarak was saying that the hijackers had already left Egypt. Do you feel you were intentionally deceived by Egypt?

A. That was clearly not correct what President Mubarak knew. Whether he was trying to deceive us or what, I can't say. But the fact of the matter is that the hijackers were there, and we know when they left Egypt. And we were able to bring them down and get them into hands of people who are going to see that justice is done.

Q. White House spokesman Larry Speakes said that Yasir Arafat's role in all this is unclear. Can you clear any of it up for us?

A. No, I can't.

U.S. Offers Rewards for Terrorists

DEPARTMENT ANNOUNCEMENT, OCT. 17, 1985¹

Today the U.S. Government announces two rewards for information in cases of international terrorism:

- A reward of up to \$250,000 for information leading to the apprehension and effective prosecution and punishment of those responsible for the hijacking of TWA Flight #847 on June 14, 1985, and the crimes committed in the course of that hijacking, including the murder of Robert Stetham; and
- A reward of up to \$250,000 for information leading to the apprehension and effective prosecution and punishment of those responsible for the hijacking of Kuwaiti Airlines Flight #221 on December 4, 1984, and the crimes committed in the course of that hijacking, including the murders of Charles Hegna and William Stanford.

Those with information in the United States should notify the Federal Bureau of Investigation (FBI) or the Office of Security, Department of State.

Those with information in any other country should notify the nearest U.S. Embassy. Information received will be handled confidentially, and the identities of informants will be protected. Officers or employees of any governmental organization who furnish information while in performance of official duties are not eligible for a reward.

These rewards are part of the Administration's overall counterterrorist program and were authorized by the 1984 Act to Combat International Terrorism which empowers the Secretary of State to pay rewards in cases of international terrorism, as in the reward announced in July for those who killed the six Americans in San Salvador. We hope that the rewards program will improve the chances of having the criminals prosecuted and punished. The Administration is considering other cases in which rewards might be offered but has made no firm decision yet.

¹Made available to news correspondents by Department spokesman Bernard Kalb. ■

A. Absolutely, this was a collaborative effort. The government worked very well. The National Security Council coordination worked extremely well, the relations among the Defense Department, the State Department, the intelligence agencies all went perfect.

Q. This is a foreign policy success then?

A. It's a success to bring these terrorists into hands that are going to see that justice is done, yes.

Q. The Israelis are claiming that Yasir Arafat was behind all this. Is that your considered viewpoint also?

A. We don't have any information that would allow us to say that's so or not so. One of the things that we certainly will want to do as we interrogate, and the Italians interrogate the four people who were involved, is to find out as much as possible about exactly how this did unfold.

WHITE HOUSE STATEMENT, OCT. 13, 1985⁴

The U.S. Government finds it incomprehensible that Italian authorities permitted Abu el Abbas to leave Italy despite a U.S. Government request to the Italian Government for his arrest and detention. Abbas is one of the two Palestinians who accompanied the four *Achille Lauro* hijackers on the plane that was intercepted after leaving Egypt Thursday night. A U.S. Federal judge Friday issued a warrant for Abbas' arrest, charging him with violation of 18 U.S.C. 1203, hostage taking, as well as piracy and conspiracy to commit both offenses. The Italian Government was notified, and the United States requested Italy to arrest Abbas provisionally pending transmission of a formal request for extradition.

Abbas, also known as Abu Khaled, is one of the most notorious Palestinian terrorists and has been involved in savage attacks on civilians. Evidence at hand strongly suggests that Abbas was criminally implicated in the hijacking of the *Achille Lauro*; indeed, that he planned and controlled the operation.

Q. Are you not at all concerned at this point about what the terrorists' response to all this may be in the Mideast? We have one quote from an unnamed official in the Mideast that says now the whole Arab world will explode against America.

A. Why should people explode when you bring to heel those who commit murder?

Q. I'm certainly not saying they should. I'm asking if you would expect them to react in some fashion.

A. I think it's encouraging that responsible leaders in the Arab world more and more have been calling for an end to terrorism. And the way to end terrorism is to stop the terrorists, bring them to justice, and see that they don't succeed.

Q. Have our installations, our embassies been put on any special alert as a result of this act?

A. Not any special alert, no.

Q. What kind of a signal would you expect this will send out, not only to the free world but also to the world that accepts this kind of action on the part of the terrorists?

A. I think what we're very clearly sending is a message that terrorism is not sanctioned by any government. That there is no sanctuary to terrorists. And that there is a very firm and widespread intention to bring terrorists to justice.

Q. What would you say right now the mood is within the Administration? Is there a great sense of satisfaction? Is there a feeling that this move has satisfied the U.S. appetite for vindication?

A. We've all been working so hard and struggling to bring this about. But I don't think there's time for anybody to feel exhilaration or whatever. I must say, I think we're very much in the midst of this. This is not over. These people have to stand trial. And as you were suggesting, the problem of terrorism continues. So we have to keep working at it.

Q. You are being credited—and I think credited is the word in this case—as being the point man for this action, the man who wanted it done and who, in fact, kept the pressure on to see that it was done. Was there unanimity of thought within the Administration to pursue this course of action?

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The Italian Government has informed us, however, that its judicial authorities did not consider this evidence legally strong enough to support provisional arrest of Abbas while awaiting a formal U.S. request for his extradition.

The U.S. Government is astonished at this breach of any reasonable standard of due process and is deeply disappointed.

"FACE THE NATION,"
OCT, 13, 1985

William H. Webster,
Director, FBI

Q. We have been told now that the Italians did let the two Palestinian officials who were on board the Egyptian plane go, that they are apparently now in Yugoslavia, and the White House has issued a very angry statement, angry at the Italians. Larry Speakes, the White House spokesman, says it is incomprehensible that the Italians let, and I quote, "a notorious Palestinian terrorist, who planned and controlled the hijacking of the *Achille Lauro*, go."

How solid is our evidence that Mohammed Abbas, that Palestinian official, did in fact mastermind the hijacking?

A. The Justice Department had reviewed all of the available evidence at that time. Some of the information came from outside U.S. authorities, but we looked at it from the point of view of our ability to prove it in a court of law, believed it was sufficient, made that information available to the Italian authorities. We have to remember that we're operating with different legal systems and different standards. Sometimes we've disappointed them by holding their information inadequate to hold people. It happened to us in this case. There are obviously political implications that are involved, but from a legal point of view, we were confident that we had a provable case.

Q. Do we know where this man is? He's apparently in Yugoslavia. Will we try to extradite him from there?

A. It's a moving horse. My information is that he is in Yugoslavia, that the Yugoslav authorities have declined to detain Abbas under the request we made through INTERPOL, so that I would anticipate that he will probably move along. I understand he's operating under an Iraqi diplomatic passport.

Q. Do we know precisely where he is right now?

A. I think there's reason to believe he's in the PLO embassy at Belgrade, but that information changes hourly.

Q. We understand that there have been some threats in this country from pro-Palestinian groups, threatening acts of retaliation. How seriously are you taking those threats? Can you tell us about them?

A. That's probably been a little overstated. Naturally when events take place outside the United States that could result in retaliation, we're on extra alert. We're taking prudent precautions to keep track of those organizations and individuals here who might get involved in that sort of thing. I'm confident that that's under control at the present time.

Q. What kind of threats? Can you tell us specifically?

A. No, because I think that that's really been overstated. Most of the rhetoric has come from outside the United States, promising retaliation. I don't think it's going to happen. Certainly we're going to be prepared for it, and we have to take it seriously.

Q. You don't think it will happen in this country?

A. That's a thing that I can't make a promise on. At this point we have no real evidence that that's happening, but we're taking the necessary steps.

Q. The director of an Arab-American organization in California was murdered. Any leads in that case that you can tell us about?

A. Yes, we have leads, and I can't tell you about them, but the activity corresponds with some recent bombings on the East Coast, directed at people believed to be hostile to Israel by an organization claiming it on the East Coast but not the West Coast. That has been repudiated by every responsible Jewish organization in the country.

Q. Are you talking about the Jewish Defense League, the JDL?

A. No, I can't make that connection. The similarities are there. We're following the leads.

Q. Can you tell us quickly what you have learned from the interviews the FBI conducted yesterday with the American hostages who were freed and came home?

A. I think it's too early to talk about those interviews. They went off very well. The hostages were enormously

cooperative with the government. There have been positive identifications made in Rome that lead us to believe there will be a successful prosecution.

Richard W. Murphy,
Assistant Secretary for
Near Eastern and South Asian Affairs

Q. The White House has issued a fairly angry protest to the Italian Government for letting Mohammed Abbas, that Palestinian official, go. Apparently he's flown off to Yugoslavia. How strained are our relations with Egypt, but first with Italy, at this point?

A. We are angry, and I think the statement for the White House made that perfectly plain. We don't think we were given adequate time to make the case that we believe is there. This, obviously with a valued NATO partner just as in the case of our relationship with Egypt, is not going to wreak any lasting damage to the two relationships. They are too important to us.

Q. There is a report in a newspaper this morning that Prime Minister Craxi of Italy personally promised President Reagan that he would hold Mohammed Abbas, and perhaps even arrest him. Do you know anything about that?

A. I don't want to get into the conversations that the President has had in this case.

Q. Apparently that's making the White House even angrier than it would normally be.

A. Let's say that this has been an unhappy moment in both relationships, but we're confident it will pass. What has happened is a new consciousness of the dangers that terrorism poses and a new awareness of American determination to pursue the terrorists.

Q. Let me now ask you about Egypt. You heard Osama el Baz say that he didn't think that this was going to be a permanent strain, except he is expecting some kind of gesture from the United States.⁵ Are we now willing to provide that gesture, and what might it be?

A. I'm not sure exactly what Osama had in mind. I would suspect, however, knowing him, that his concern does lie with the peace process. Of course, we've got a very wide ranging set of relationships with Egypt established, built very carefully over the last decade and more, but I think his concern probably lies in

how to advance the peace process and how to let these incidents of violence not interrupt it.

Q. How much do you think that the Egyptian actions were motivated by their concern of an uprising of fundamentalist emotions in Egypt and a concern about the continuation of his leadership in that country?

A. I think the Egyptian decisions were taken, as the President—President Mubarak—has made clear, certainly initially to save the lives of over 400 people on board that ship. There were many rumors of explosives on the ship, and they wanted to bring it to an end peacefully and quickly, and their intelligence said no deaths.

Q. I'm not talking about that phase of it. Once he did learn though that an American had been murdered, he still went ahead and, as we know, released the PLO and the hijacker.

A. He had invited the PLO negotiators in to bring this tragedy to an end. He had given his pledge, his word of honor, that they would be sent for trial under the PLO. That's all I know.

Q. How concerned are you and the rest of the government that what we did in intercepting the Egyptian plane will trigger acts of retaliation against Americans in the Middle East and elsewhere, and what are we doing about it?

A. What we're doing about it, we've had a longstanding program to improve the physical security of our missions. We've had training for our personnel overseas, advice to Americans traveling abroad about precautions they should take. I think the important thing is that we're looking at an area where violence is endemic, and where violence has been on the upsurge these past months, as again to come back to the peace process as the prospects for moving ahead have become clearer and more promising.

Q. Let me ask you specifically about the hostages that remain in Lebanon, the Americans. There's a report that William Buckley has been killed, a picture of a body that looks something like him. How worried are we about their lives?

A. We're very, very concerned about their lives. I cannot absolutely confirm to you this morning that Bill Buckley is dead. We have the photographs. We're studying the evidence. There has been a very grotesque proposal by that organization to

exchange his body. The organization said they executed him for prisoners in Israeli prisons, Palestinians. I can't confirm his death, but our concern and our efforts to release all of the hostages continue.

**"THIS WEEK WITH
DAVID BRINKLEY,"
OCT. 13, 1985**

**Abraham D. Sofaer,
Department of State Legal Adviser**

Q. What are your thoughts on [the question of extradition of the four terrorists to the United States and the likelihood of that happening]?

A. We have no objection whatsoever to the proposition that the Italians will judge the four. The obligation that nations have to one another is either to prosecute or to extradite. We object to the fact that they did neither of those things and failed to fulfill their obligation with respect to the fifth, Mohammed Abbas.

Q. Do you maintain that the Italian Government had enough evidence and that their law is compatible with the treaty, as you construe it?

A. The treaty conferred upon them a clear duty to hold Abbas until we had been given a fair opportunity to present the evidence we had against him. We went in the middle of the night, we accumulated as much evidence as we could in 24 hours. We got a complaint, we got a warrant. We sent the papers to Italy with a summary of our evidence. We told them that more was coming, and more has been coming, more is accumulating every hour, but they did not wait. They rushed, made a decision, and let him go.

Q. Is it your understanding that Mr. Craxi told Mr. Reagan that all six would be held?

A. My understanding is that Craxi told our President that the six would be kept in jail, and these two, particularly Abbas, were put in the Egyptian Cultural Center, and they were sneaked out of there, as far as we understand, in Egyptian sailor's uniforms, as soon as this abbreviated, shall we say, process was complete.

Q. Now Mohammed Abbas has gone to Yugoslavia. What steps are you taking to try to get Yugoslavia to detain and send him back?

A. Let me say one thing before I answer that. I want to make it clear that we regard Italy as one of our dearest friends, and Italy is in the forefront of the fight against terrorism. When we said, when the White House announced that it was astonished at their treatment of the Abbas application, it is because we expected so much more, based on the tradition and the cooperation we've been getting.

Now, what we've done here is we have sent to Yugoslavia not only what we sent to Italy, but the transcripts and hard evidence that we have accumulated in the 24 or 48 hours since then. We sent all that out last night, and I believe we were able to get it into the Yugoslavian hands before the plane touched down in Yugoslavia. We did the best we could to make the legal system work, and it's the failure of states to abide by their legal obligations which caused and which justify the kinds of moderate restrained, but appropriate measures, that we took.

Q. Any response from Yugoslavia?

A. No, we haven't received a response, and I must say that we are worried, we are very concerned. We have an ongoing expectation of a meeting very soon, and this is being played out right now today. We only hope that they will look at this and judge it according to their treaty, which confers a mandatory obligation on them, where we have gotten a warrant from a Federal judge, based on probable cause, to hold someone long enough for us to get the formal extradition papers to them, for up to 60 days. So if they abide by their treaty, their extradition treaty, we will have ample time to prove that Abbas is guilty of this crime as one of the conspirators.

**John F. Lehman, Jr.,
Secretary of the Navy**

Q. Everyone is very proud of what the Navy did. I wonder, how often we can count on a set of circumstances like that in the future, if ever?

A. I think the interesting thing about this is that it illustrates—first, there was no warning, and what was carried out as the normal kind of intercept that we train to all the time. It is a very dazzling display, I think, of the interrelationships of the very high technology we have deployed around the world of all the services, and it was not rehearsed. It is the kind of environment that we create when we deploy these

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battle groups and Air Force units, and Army units in normal peacetime forward deployment. So I think the American people can count on this kind of capability, whenever it is needed to be applied to circumstances, which of course are infinitely variable, but the capability has grown tremendously in the last 4 years to be reliable, be there; the spare parts are there so that the airplanes do work, they don't go down as has happened in the past. The crews, the pilots are much better trained, and retention is so much better, that now we know with certainty that the capability will work when we are ordered by the President to carry something out like this.

Q. Did we request, or receive, any help in this intercept from Egyptian authorities?

A. No.

Q. When did the Italians know that they were to be the recipient of this aircraft?

A. As you know, the tower at the field at Sigonella knew nothing about it, and at first denied the permission to land, but very soon the word came down the line, and they were granted permission to land.

Q. So, in effect, we presented them with the aircraft and they took it?

A. Yes.

Q. Was there any point, when you had all these planes surrounding the Egyptian plane—is it certain that you can always force a plane down without the need to fire at it?

A. There are standard procedures that are developed which we exercise all the time in intercepting Soviet Bears and Bisons all over the world. Our fighter crews and our radar-controlling crews are training to these methods all the time. We have very strict rules of engagements, and we can do it in complete darkness, as this intercept was done. Then there are specific procedures to follow, including depending on what the rules of engagement are, the firing of warning shots, and so forth.

Q. Can you force them to land if they don't want to, without shooting it or something?

A. You can't get out and push the airplane to a different direction, and, no, there is no way to force them physically to do it, if they choose to ignore the instructions.

Q. Were you prepared, under the rules of engagement, to—how far were you prepared to go under the rules of engagement to get them down?

A. We don't think it would serve any purpose to speculate about hypothetical situations, and suffice it to say that it would take a very cool hand to ignore four F-14s and a very clear, stern direction to go to Sigonella.

Q. You said a moment ago we neither requested nor received help from Egyptian authorities. Strike the word "authorities." We had the tail number of the airplane when it took off from the airfield in Egypt. How did we get it?

A. First of all, part of the problem of talking about all of our defense capabilities is that so much of it is, first, very technically complex and people don't understand when we start talking about the systems themselves, and, of course, others have to be very well protected. But we have an environment out there in all of the areas where we're deployed that include the fused inputs of all the military services and some civilian services, that provide an environment of intelligence and of electronic capability within which our forces are able to operate.

Q. Yes, but my question really drives to how we got the tail number, which I assume we didn't get from a radar.

A. I wouldn't speculate on the precise nature of the intelligence sources, but that was not particularly relevant to the intercept because—

Q. You mean if we had not known the tail number of the plane, or what time it was taking off, or from where it was taking off, we could have just discovered this airplane?

A. No, we certainly benefited from knowing where it was coming from and what kind of an airplane it was, but we have an environment and a capability in our E-2Cs, our Aegis cruiser, and our F-14s to sort out which kind of airplane is which, and where it would have come from, to correlate the source of certain other airliners that were in the air, where they could have come from, and by process of elimination—

Q. What about the Egyptians' charge that this was piracy, that what our F-14s were doing was, in effect, no different from if, at least in theory, by degree, from what the terrorists have done?

A. That's completely inaccurate because, first of all, this was not an intercept of an Egyptian target. It's like a murderer hailing a taxi, and then the taxi company pretending that they were the target of the police arrest. The fact is, the pirates in the airplane were the target of the intercept, and they happened to be in a civilian Egyptian airliner. We have had the most excellent relations with the Egyptian military, and we did not view this as directed against them at all.

Abraham D. Sofaer,
Department of State Legal Adviser

Q. Thanks again for coming in again, because we have a late news development that has just come from Judge Webster, the Director of the FBI, who says Yugoslavian authorities have turned down the American appeal for the arrest of the Palestinian freed in Italy and flown to Yugoslavia. Do you have any further information you can add to that?

A. They may have at this point refused to detain him, but they have not turned down our request for provisional arrest. Under the treaty, we have up to 2 months during which they're supposed to detain him and give us an opportunity to file formal extradition papers.

Q. So what is Judge Webster talking about then?

A. They may not have picked them up yet and put them in a jail, which they are supposed to do, and I think in that respect that's probably correct.

Q. But do you know for a fact that they have not said to the United States, not only have we not picked him up and put him in a jail, but we will not do so?

A. They have not yet said that.

Q. Presumably he's not going to loiter anywhere in the world. If they've not detained him, does that not *de facto* mean they're not going to comply?

A. We have preliminary indications that do not make us optimistic, but we're going to keep trying. We're trying to do this the legal way, just as we did with Italy.

Q. What does Yugoslavia have to fear from us if they don't obey their treaties?

A. I have no idea.

END NOTES

DEPUTY SECRETARY WHITEHEAD'S STATEMENT, CAIRO, OCT. 21, 1985

President Mubarak and I have had a thorough and friendly discussion. I delivered a letter from President Reagan which expressed his continuing commitment to close U.S.-Egyptian relations and his hope that we could now put our recent differences behind us.

I explained to the President that the recent events were in no way directed against Egypt or its people, for whom all Americans have the deepest respect. We very much regret that developments took the course that they did. Our only object was to bring to justice criminals who had hijacked a ship, terrorized its passengers, murdered an American—a crippled man in a wheelchair—and threatened to murder others.

President Mubarak reviewed for us the steps that Egypt took, and we now have a better understanding of each other's point of view. We appreciate that Egypt's efforts in saving the lives of over 400 people helped ensure that the hijacking did not have a far more tragic result, and we are very grateful for that.

We agreed at our meeting that both our countries must renew our efforts, along with other countries in the world, to stamp out terrorism.

Much of our discussions focused on the peace process and the importance of moving forward soon toward direct negotiations within an appropriate context. We agreed that both our nations have important roles to play in accelerating that process.

Finally, we agreed that the unfortunate events of the last few weeks must not interfere in the close and vitally important relationships that bind our two great nations.

Today's meeting was a good first step toward furthering those relationships.

¹Read to news correspondents by State Department deputy spokesman Charles Redman.

²Text from Weekly Compilation of Presidential Documents of Oct. 14, 1985.

³Press release 239.

⁴Text from Weekly Compilation of Presidential Documents of Oct. 21.

⁵Osama el Baz is chief political adviser to Egyptian President Mubarak and was interviewed earlier in the program. ■

October 1985

The following are some of the significant official U.S. foreign policy actions and statements during the month that are not reported elsewhere in this periodical.

October 1

President Reagan signs an Executive order prohibiting the import of South African krugerrands into the U.S. as of Oct. 11.

October 3

The Central American Bank for Economic Integration (CABEI) signs an agreement to receive \$50 million from AID to finance development of private enterprise and infrastructure. The total program will involve \$103.4 million in financing.

October 4

The Department of State delivers a certificate of loss of nationality to Rabbi Meir Kahane. The certificate states that he expatriated himself, effective Aug. 13, 1984, by assuming his seat in the Israeli Knesset.

AID Administrator McPherson announces AID will provide a 5-year, \$18 million program of university scholarships to increase opportunities for disadvantaged South Africans to attend universities in their country.

October 7

UN Security Council unanimously votes to condemn South Africa for its "premeditated and unprovoked aggression" against Angola.

October 8

President Reagan issues a proclamation imposing restrictions on the entry into the U.S. of officers or employees of the Cuban Government or the Communist Party of Cuba. The action is taken in light of current

U.S.-Cuban relations including Cuba's decision of May 20 to suspend the U.S.-Cuban immigration agreement.

October 9

Secretary Shultz meets with Israeli Foreign Minister Shamir to discuss the situation in the Middle East and U.S.-Israeli relations.

UN Security Council unanimously condemns the Oct. 7 hijacking of the Italian cruise ship *Achille Lauro* by terrorists.

October 18-23

U.S. and Soviet delegations hold the sixth round of consultations on nonproliferation matters in Washington. Ambassador Kennedy heads the U.S. delegation.

October 27-28

Secretary Shultz travels to Calgary, Alberta, to meet with Canadian Foreign Minister Clark to discuss a range of bilateral and multilateral issues.

October 29-30

Ambassador Shlaudeman meets with Nicaraguan Ambassador Tunnermann to convey U.S. views on the importance of national reconciliation to a resolution of the conflict in Nicaragua and to maintain diplomatic contact with the Nicaraguan Government.

October 31-November 1

U.S. and Soviet delegations meet for the fifth round of discussions of the maritime boundary in the Bering Sea.

October 31

President Reagan meets with El Salvadoran President Duarte at the White House.

President Reagan is interviewed by four Soviet journalists in the Oval Office. The resulting article will be published in the Soviet Government newspaper, *Izvestiya*. ■

TREATIES

Current Actions

MULTILATERAL

Agriculture

Amended constitution of the International Rice Commission. Done at Rome Nov. 23, 1961. Entered into force Nov. 23, 1961. TIAS 5204.

Acceptance deposited: Senegal, July 8, 1985.

Aviation, Civil

Memorandum of understanding (Japan, U.S.S.R., U.S.) regarding technical measures to improve the safety of civil aviation in the North Pacific. Done at Tokyo June 29, 1985. Entered into force: Oct. 8, 1985.

Commodities—Common Fund

Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 27, 1980.¹
Ratification deposited: Luxembourg, Oct. 14, 1985.

Conservation

Convention on wetlands of international importance especially as waterfowl habitat. Done at Ramsar Feb. 2, 1971. Entered into force Dec. 21, 1975.²

Signature: U.S., Sept. 13, 1985.

Accession: Suriname, July 22, 1985.

Protocol to the convention on wetlands of international importance especially as waterfowl habitat of Feb. 2, 1971. Done at Paris Dec. 3, 1982.¹

Signature: U.S., Sept. 13, 1985.

Fisheries

Eastern Pacific Ocean tuna fishing agreement, with protocol. Done at San Jose Mar. 14, 1983.¹

Ratification deposited: U.S., Oct. 9, 1985.

Gas Warfare

Protocol for the prohibition of the use in war of asphyxiating, poisonous or other gases, and of bacteriological methods of warfare. Done at Geneva June 17, 1925. Entered into force Feb. 8, 1928; for the U.S. Apr. 10, 1975. TIAS 8061.

Accessions deposited: Bolivia, Peru, Aug. 13, 1985.

Hydrography

Convention on the International Hydrographic Organization, with annexes. Done at Monaco May 3, 1967. Entered into force Sept. 22, 1970. TIAS 6933.

Accession deposited: G.D.R., Aug. 19, 1985.³

International Court of Justice

Declaration recognizing as compulsory the jurisdiction of the International Court of Justice under Art. 36, paragraph 2 of the Statute of the Court. TIAS 1598.

Notification of termination: U.S., Oct. 7, 1985.

Marine Pollution

International convention for the prevention of pollution of the sea by oil, with annexes.

Done at London May 12, 1954. Entered into force July 26, 1958; for the U.S. Dec. 8, 1961. TIAS 4900.

Acceptance deposited: Congo, Sept. 10, 1985.

Protocol relating to intervention on the high seas in cases of pollution by substances other than oil. Done at London Nov. 2, 1973.

Entered into force Mar. 30, 1983. TIAS 10561.

Ratification deposited: F.R.G., Aug. 21, 1985.⁴

International convention on the establishment of an international fund for compensation for oil pollution damage. Done at Brussels Dec. 18, 1971. Entered into force Oct. 16, 1978.²
Ratifications deposited: Poland, Sept. 16, 1985; Portugal, Sept. 11, 1985.

Protocol of 1984 to amend the international convention on the establishment of an international fund for compensation for oil pollution damage, 1971. Done at London May 25, 1984.¹

Signature: Denmark, Sept. 3, 1985.

Protocol of 1984 to amend the international convention on the establishment of an international fund for compensation for oil pollution damage, 1971. Done at London May 25, 1984.¹

Signature: Denmark, Sept. 3, 1985.

Maritime Matters

International convention on load lines, 1966. Done at London Apr. 5, 1966. Entered into force July 21, 1968. TIAS 6331, 6629, 6720.
Accession deposited: Ethiopia, July 18, 1985.

Amendments to the international convention on load lines, 1966 (TIAS 6331). Done at London Oct. 12, 1971.¹

Acceptances deposited: Finland, Aug. 8, 1985; Spain, Aug. 12, 1985.

Amendments to the international convention on load lines, 1966 (TIAS 6331), relating to amendments to the convention. Done at London Nov. 12, 1975.¹

Acceptance deposited: Spain, Aug. 12, 1985.

Amendments to the international convention on load lines, 1966 (TIAS 6331). Done at London Nov. 15, 1979.¹

Acceptances deposited: Finland, Aug. 8, 1985; Spain, Aug. 12, 1985.

International convention on tonnage measurement of ships, 1969, with annexes. Done at London June 23, 1969. Entered into force July 18, 1982; for the U.S. Feb. 10, 1983. TIAS 10490.

Accession deposited: Ethiopia, July 18, 1985.

Convention on the international regulations for preventing collisions at sea, 1972, with regulations. Done at London Oct. 20, 1972. Entered into force July 15, 1977. TIAS 8587.
Accession deposited: Ethiopia, July 18, 1985.

International convention for the safety of life at sea, 1974, with annex. Done at London Nov. 1, 1974. Entered into force May 25, 1980. TIAS 9700.

Accessions deposited: Ethiopia, July 18, 1985; Jordan, Aug. 7, 1985.

International convention on standards of training, certification and watchkeeping for seafarers, 1978. Done at London: July 7, 1978. Entered into force Apr. 28, 1984.²
Accessions deposited: Ethiopia, July 18, 1985; The Netherlands, July 26, 1985.⁵

Nuclear Material—Physical Protection

Convention on the physical protection of nuclear material, with annexes. Done at Vienna Oct. 26, 1979.¹

Ratification deposited: Norway, Aug. 15, 1985.

Nuclear Test Ban

Treaty banning nuclear weapon tests in the atmosphere, in outer space and under water. Done at Moscow Aug. 5, 1983. Entered into force Oct. 10, 1963. TIAS 5433.

Ratification deposited: Colombia, Oct. 17, 1985.

Pollution—Transboundary Air

Protocol to the convention on long-range transboundary air pollution of Nov. 13, 1979 (TIAS 10541) concerning monitoring and evaluation of the long-range transmission of air pollutants in Europe (EMEP). Done at Geneva Sept. 28, 1984.¹

Acceptance deposited: Byelorussian S.S.R., Oct. 4, 1985.

Satellite Communications Systems

Convention on the International Maritime Satellite Organization (INMARSAT), with annex. Done at London Sept. 3, 1976. Entered into force July 16, 1979. TIAS 9605.

Signature: Korea Telecommunication Authority (KTA), Sept. 16, 1985.

Telecommunications

Radio regulations, with appendices and final protocol. Done at Geneva Dec. 6, 1979. Entered into force Jan. 1, 1982; definitively for the U.S. Oct. 27, 1983.

Accession deposited: Denmark, July 18, 1985.³

Timber

International tropical timber agreement, 1983, with annexes. Done at Geneva Nov. 18, 1983. Entered into force provisionally Apr. 1, 1985; for the U.S. Apr. 26, 1985.

Accession deposited: Thailand, Oct. 9, 1985.

Wheat

1983 protocol for the further extension of the wheat trade convention, 1971 (TIAS 7144). Done at Washington Apr. 4, 1983. Entered into force July 1, 1983; provisionally for the U.S. Apr. 25, 1983.

Senate advice and consent to ratification: Oct. 22, 1985.

1983 protocol for the further extension of the food aid convention, 1980 (TIAS 10015). Done at Washington Apr. 4, 1983. Entered into force July 1, 1983; provisionally for the U.S. Apr. 25, 1983.

Ratification deposited: Switzerland, Oct. 1, 1985.

Senate advice and consent to ratification: Oct. 22, 1985.

Women

Convention on the elimination of all forms of discrimination against women. Adopted at New York Dec. 18, 1979. Entered into force Sept. 3, 1981.²

Ratification deposited: Tunisia, Sept. 20, 1985.

BILATERAL

Bahamas

International express mail agreement, with detailed regulations. Signed at Nassau and Washington June 24 and July 17, 1985. Entered into force Sept. 9, 1985.

Belgium

Agreement extending the agreement of Jan. 7 and 19, 1981 (TIAS 9970), in the field of radioactive waste management. Effected by exchange of notes at Washington and Mol Jan. 3 and 22, 1985. Entered into force Jan. 22, 1985.

Canada

Memorandum of understanding concerning research and development cooperation in pollution measurement and control. Signed at Ottawa Oct. 17, 1985. Entered into force Oct. 17, 1985.

Memorandum of understanding regarding accidental and unauthorized discharges of pollutants along the inland boundary, with appendix. Signed at Ottawa Oct. 17, 1985. Entered into force Oct. 17, 1985.

Colombia

Agreement amending agreement of July 1 and Aug. 11, 1982 (TIAS 10543), relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Washington May 20 and Sept. 9, 1985. Entered into force Sept. 9, 1985.

Ecuador

Agreement for sales of agricultural commodities. Signed at Quito May 17, 1985. Entered into force May 17, 1985.

Egypt

First amendment to the grant agreement of Sept. 22, 1981 (TIAS 10277), for irrigation management systems. Signed at Cairo Aug. 29, 1984. Entered into force Aug. 29, 1984.

Second amendment to the grant agreement of Sept. 22, 1981 (TIAS 10277), for irrigation management systems. Signed at Cairo May 13, 1985. Entered into force May 13, 1985.

Fourth amendment to the program grant agreement of Aug. 29, 1982 (TIAS 10472), for decentralization sector support. Signed at Cairo Mar. 31, 1985. Entered into force Mar. 31, 1985.

Memorandum of understanding concerning the operation of the INTELPOST field trial, with details of implementation. Signed at Cairo and Washington Aug. 18 and Sept. 13, 1985. Entered into force Sept. 13, 1985.

Fiji

Memorandum of understanding amending the air transport agreement of Oct. 1, 1979 (TIAS 9917). Signed at Washington Oct. 25, 1985. Entered into force Oct. 25, 1985.

Finland

Memorandum of understanding concerning the operation of the INTELPOST field trial, with details of implementation. Signed at Helsinki and Washington Aug. 23 and Sept. 23, 1985. Entered into force Sept. 23, 1985.

France

Agreement in the field of remote systems [energy] technology, with appendix. Signed at Paris Sept. 13, 1985. Entered into force Sept. 13, 1985.

Greece

Memorandum of understanding concerning the operation of the INTELPOST field trial, with details of implementation. Signed at Athens and Washington July 25 and Aug. 15, 1985. Entered into force Aug. 19, 1985.

Iceland

International express mail agreement, with detailed regulations. Signed at Reykjavik and Washington July 10 and Aug. 8, 1985. Entered into force Nov. 7, 1985.

India

Project loan and grant agreement for national social forestry. Signed at New Delhi June 26, 1985. Entered into force June 26, 1985.

Indonesia

Agreement relating to subsidization of exports in the context of the agreement on interpretation and application of Articles VI, XVI, and XXIII (subsidies code) of the general agreement on tariffs and trade (TIAS 9619). Effected by exchange of letters at Washington Feb. 28, 1985. Entered into force Feb. 28, 1985.

Italy

Agreement extending the agreement of June 3, 1975, as amended and extended (TIAS, 8182, 10320), on cooperation in the field of geothermal energy research and development. Effected by exchange of letters at Rome June 26 and 27, 1985. Entered into force June 27, 1985.

Jamaica

Agreement for a cooperative meteorological program in Jamaica, with memorandum of arrangement. Effected by exchange of notes at Kingston Aug. 27 and 29, 1985. Entered into force Aug. 29, 1985. Supersedes agreement of Nov. 3, 1964 (TIAS 5681).

Japan

Implementing arrangement on cooperation in the field of national air traffic control service system, with annex. Signed at Tokyo May 13, 1985. Entered into force May 13, 1985.

Agreement concerning an additional program for the acquisition and production in Japan of the P-3C weapon system and related equipment. Effected by exchange of notes at Tokyo Sept. 10, 1985. Entered into force Sept. 10, 1985.

Madagascar

Agreement for sales of agricultural commodities. Signed at Antananarivo Sept. 27, 1985. Entered into force Sept. 27, 1985.

Mexico

Agreement amending the agreement of June 2, 1977 (TIAS 8952), relating to additional cooperative arrangements to curb the illegal traffic in narcotics. Effected by exchange of letters at Mexico Sept. 13 and 25, 1985. Entered into force Sept. 25, 1985.

Pakistan

Third amendment to agreement of Apr. 13, 1982 (TIAS 10378), for agricultural commodities and equipment. Signed at Islamabad June 25, 1985. Entered into force June 25, 1985.

Philippines

Agreement relating to subsidization of exports in the context of the agreement on interpretation and application of Articles VI, XVI, and XXIII (subsidies code) of the general agreement on tariffs and trade (TIAS 9619). Effected by exchange of letters at Manila and Washington Mar. 14 and 15, 1985. Entered into force Mar. 15, 1985.

Qatar

Memorandum of understanding concerning the operation of the INTELPOST field trial, with details of implementation. Signed at Doha and Washington Aug. 12 and Sept. 13, 1985. Entered into force Sept. 13, 1985.

Sierra Leone

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annex. Signed at Freetown Aug. 28, 1985. Entered into force Oct. 23, 1985.

PRESS RELEASES

Singapore

Agreement with respect to mutual exemption from taxation of income of air transport, with exchange of letters. Signed at Singapore Sept. 30, 1985. Enters into force Jan. 1, 1986.

Memorandum of understanding amending the air transport agreement of Mar. 31, 1978, as amended (TIAS 9001, 9654). Signed at Singapore Sept. 30, 1985. Entered into force Sept. 30, 1985.

Spain

Agreement relating to the subsidization of exports in the context of the agreement on interpretation and application of Articles VI, XVI, and XXIII (subsidies code) of the general agreement on tariffs and trade (TIAS 9619). Effected by exchange of letters at Washington Apr. 13 and 14, 1982. Entered into force Apr. 14, 1982.

Agreement modifying and supplementing agreement of Apr. 13 and 14, 1982, relating to the subsidization and application of Articles VI, XVI, and XXIII (subsidies code) of the general agreement on tariffs and trade (TIAS 9619). Effected by exchange of letters at Madrid and Washington Jan. 16 and 29, 1985. Entered into force Jan. 29, 1985.

Sri Lanka

Agreement amending agreement of May 10, 1983, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Colombo Sept. 17 and 26, 1985. Entered into force Sept. 26, 1985.

Thailand

Memorandum of understanding on logistic support. Signed at New York Oct. 3, 1985. Entered into force Oct. 3, 1985.

Turkey

Agreement relating to subsidization of exports in the context of the agreement on interpretation and application of Articles VI, XVI, and XXIII (subsidies code) of the general agreement on tariffs and trade (TIAS 9619). Effected by exchange of letters at Washington Feb. 25, 1985. Entered into force Feb. 25, 1985.

Agreement concerning trade in certain textile products. Effected by exchange of letters at Ankara and Washington Oct. 18, 1985. Entered into force Oct. 18, 1985.

United Kingdom

Agreement amending annex 2 of the air services agreement of July 23, 1977, as amended (TIAS 8641, 8965, 9722, 10059). Effected by exchange of notes at Washington Oct. 4 and 7, 1985. Entered into force Oct. 7, 1985.

¹Not in force.

²Not in force for the U.S.

³With declaration(s) and reservation(s).

⁴Applicable to Berlin (West).

⁵Extended to Netherlands Antilles. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

No.	Date	Subject			
*230	10/2	Shultz: remarks at signing ceremony establishing the Panama Canal Alternative Study Commission, UN, Sept. 26.	243	10/11	Shultz: statement before the Senate Foreign Relations Committee, Oct. 10.
231	10/1	Shultz: statement at 40th anniversary commemorative meeting of UN Security Council, Sept. 26.	*244	10/17	Shultz: news conference, Brussels, Oct. 15.
232	10/1	Shultz: news conference, White House, Sept. 27.	*245	10/17	Shultz: statement before the House Foreign Affairs Committee.
233	10/1	Shultz: interview on "Meet the Press," Sept. 29.	*246	10/17	Shultz: address and question-and-answer session before the North Atlantic Assembly, San Francisco, Oct. 14.
*234	10/1	Shultz: remarks at luncheon for Latin American and Caribbean countries, New York City, Sept. 30.	*247	10/21	Advisory Committee on Historical Diplomatic Documentation, Nov. 8.
*235	10/4	Shultz: remarks at luncheon for Gulf Cooperation Council members, New York City, Oct. 1.	*248	10/24	Shultz: interview on "CBS Morning News."
236	10/4	<i>Foreign Relations of the United States</i> 1951: Vol. IV, Europe (two parts) released.	*249	10/25	Shultz: news briefing on the President's meeting with allied leaders, New York City, Oct. 24.
*237	10/4	Program for the official visit of Singapore's Prime Minister Lee Kuan Yew, Oct. 7-11.	*250	10/28	Shultz: news briefing on the President's meeting with Soviet Foreign Minister Shevardnadze, New York City, Oct. 24.
238	10/7	Shultz: remarks at the National Committee on American Foreign Policy, New York City, Oct. 2.	251	10/31	Shultz, Clark: news conference, Calgary, Oct. 28.
239	10/11	Shultz: interview on "The Today Show."	252	10/31	Shultz: toast, Calgary, Oct. 28.
240	10/15	Shultz: address before the North Atlantic Assembly, San Francisco, Oct. 14.	253	10/31	Shultz: news conference.

*Not printed in the BULLETIN. ■

PUBLICATIONS

Department of State

Free **single** copies of the following Department of State publications are available from the Correspondence Management Division, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

President Reagan

A Foundation for Enduring Peace, 40th session of the UN General Assembly, Oct. 24, 1985 (Current Policy #756).

Secretary Shultz

Arms Control, Strategic Stability, and Global Security, North Atlantic Assembly, San Francisco, Oct. 14, 1985 (Current Policy #750).

The Peace Process and Arms Sales to Jordan, Senate Foreign Relations Committee, Oct. 10, 1985 (Current Policy #749).

Morality and Realism in American Foreign Policy, National Committee on American Foreign Policy, New York City, Oct. 2, 1985 (Current Policy #748).

Africa

The African Economic Crisis, Deputy Secretary Whitehead, Subcommittee on African Affairs, Senate Foreign Relations Committee, Oct. 24, 1985 (Current Policy #757).

Arms Control

The Soviet Arms Control Counterproposal, Ambassador Nitze, American Defense Preparedness Asso., Oct. 24, 1985 (Current Policy #758).

The ABM Treaty and the SDI Program, Ambassador Nitze and Legal Adviser Sofaer, Subcommittee on Arms Control, International Security, and Science, House Foreign Affairs Committee, Oct. 22, 1985 (Current Policy #755).

Soviet Noncompliance With Arms Control Agreements (GIST, Oct. 1985).

East Asia

Japan and the U.S.: A Global Partnership, Assistant Secretary Wolfowitz, Japan-American Society, Tokyo, Sept. 18, 1985 (Current Policy #746).

Economics

Open Markets: Key to a Stronger, Richer, and Freer America, Under Secretary Wallis, World Trade Club, Atlanta, Oct. 10, 1985 (Current Policy #754).

The Relation of Japan's Economic Inefficiencies to Its Balance of Trade, Under Secretary Wallis, Japan Society, New York City, Oct. 18, 1985 (Current Policy #753).

Foreign Indebtedness to the U.S. Government (GIST, Oct. 1985).

Foreign Assistance

Foreign Assistance and the U.S. National Interest, Under Secretary Armacost, regional foreign policy conference, Kansas City, Sept. 11, 1985 (Current Policy #739).

Middle East

Arms Sales to Jordan (GIST, Oct. 1985).

Military Affairs

SDI: Its Nature and Rationale, Ambassador Nitze, North Atlantic Assembly, San Francisco, Oct. 15, 1985 (Current Policy #751).

Refugees

Refugees: The Need for Continuing Support, Mr. Purcell, UNHCR Executive Committee, Geneva, Oct. 8, 1985 (Current Policy #752).

Terrorism

Terrorism: Overview and Developments, Ambassador Oakley, Issues Management Asso., Chicago, Sept. 13, 1985 (Current Policy #744).

United Nations

The U.S. and the United Nations, Ambassador Walters, Subcommittees on Human Rights and International Organizations and on International Operations, House Foreign Affairs Committee, Sept. 18, 1985 (Current Policy #742).

UN's Fortieth Anniversary (GIST, Oct. 1985). ■

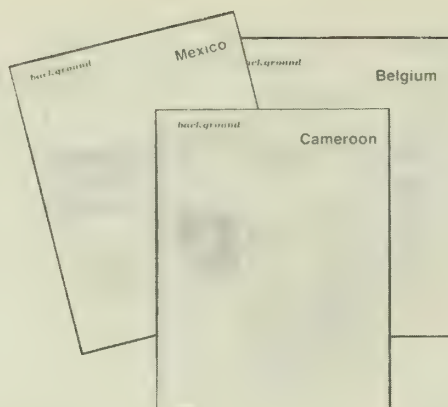
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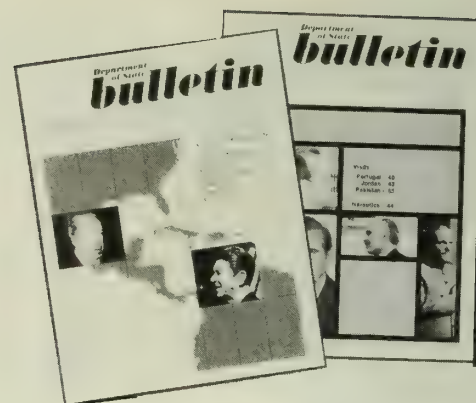
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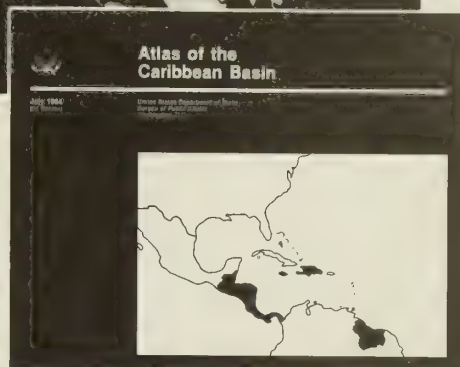
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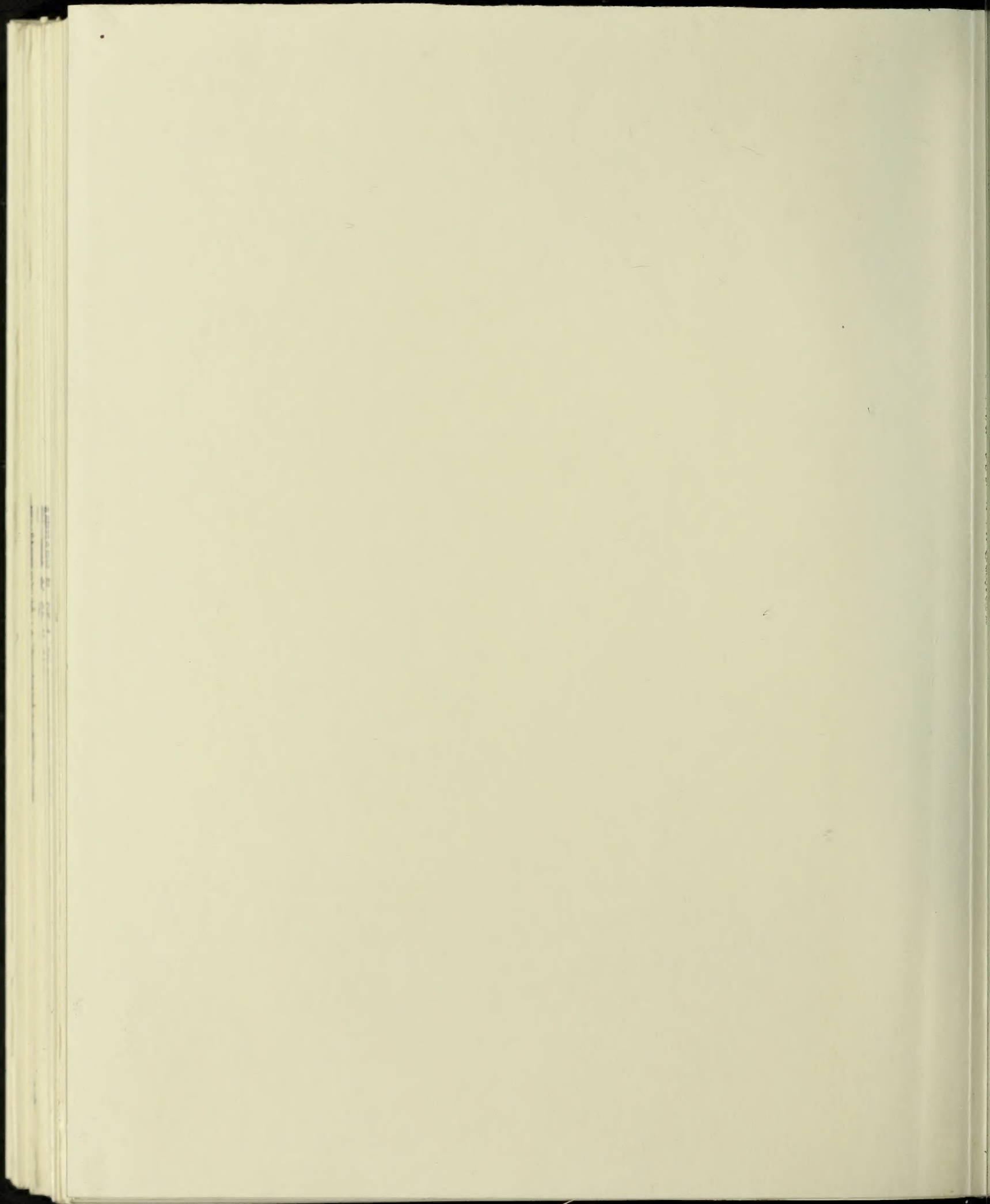
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